



Australian Government  
Australian Aged Care Quality Agency

# ANNUAL REPORT

2016-2017

# Annual Report 2016–2017

Australian Aged Care Quality Agency

ABN 69 605 091 341

ISSN 2203-9821 (Print)

ISSN 2204-3853 (Online)

Australian Aged Care Quality Agency's Annual Report 2016-17 can be accessed via the internet at [www.aacqa.gov.au](http://www.aacqa.gov.au).

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# LETTER OF TRANSMITTAL

The Hon Ken Wyatt AM, MP  
Minister for Aged Care  
Parliament House  
Canberra ACT 2600

I hereby submit my Annual Report pursuant to my obligations under section 47 of the *Australian Aged Care Quality Agency Act 2013*. This report includes information related to the functions of the Chief Executive Officer of the Australian Aged Care Quality Agency during the period 1 July 2016 to 30 June 2017.

I certify that I am satisfied the Quality Agency has:

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

The Annual Report is also provided to satisfy the requirements of Section 46 of the *Public Governance, Performance and Accountability Act 2013* and Section 70 of the *Public Service Act 1999*.



Nick Ryan  
Chief Executive Officer  
30 September 2017

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# MESSAGE FROM THE CEO

I am pleased to present the Annual Report and account of activities for the Australian Aged Care Quality Agency (Quality Agency) for the period 1 July 2016 - 30 June 2017. Our vision is that Australians receive world class aged care services, driven by empowered consumers who enjoy the best possible quality of life. Our role and purpose is to hold aged care providers to account against the applicable quality standards – for Residential Aged Care, Home Care and Aboriginal and Torres Strait Islander flexible care services. We also provide information, education, and training to assist service providers to comply with the standards and continuously improve their service.

2016-17 has been an important year for the Quality Agency. It is now three years since we took on an expanded role from the former Aged Care Standards and Accreditation Agency Ltd. There have been some significant achievements in this time to build new audit tools and strengthen our quality assessment of services. Essentially this has been about strengthening the voice of consumers in the quality assessment of services, improving the coordinated sharing of information within the aged care regulatory system, and sharper evidence collection during the audit, with a new computer-assisted tool.

We continue to have a constructive working relationship with the Department of Health and the Aged Care Complaints Commissioner. In November 2016, we participated in a facilitated workshop to identify ways to continuously improve information sharing and communication around high risk services and referrals. Our commitment is supported by Memoranda of Understanding with both the department and the Aged Care Complaints Commissioner, and they are published on our website. We will remain active in 2017-18 in identifying and supporting work to improve the regulatory framework. This will include support to the development of the draft aged care standards being developed by the Department of Health and options to implement quality assessment of services under a single quality framework.

The Quality Agency also commenced consultation on guidance for the new draft standards through a series of workshops at our national Better Practice conferences. This work will continue in 2017-18. We want to make sure the standards are measurable and set clear expectations about the quality of care and services for service providers, and achieve better outcomes for consumers of aged care services.

The Government's reforms, to provide greater choice and support for older people to stay at home, took effect in February 2017 (Increasing Choice in Home Care). The Quality Agency put new measures in place to understand and assess the risks of new services entering the market. This meant we were able to prioritise the quality review of those services where possible risks to consumers were identified. We also developed new resources and information for new providers and tools to enable them to self-assess their services against the expected quality standards.

Two important initiatives were implemented this year. The first of these was the Computer-Assisted Audit Tool (CAAT) launched by Minister for Aged Care, the Hon Ken Wyatt AM, MP at Mission Australia's Charles Chambers Court in Sydney in June 2017. The Computer-Assisted Audit Tool is of international quality, designed over many months of research and consultation between our quality surveyors and IT developers. The tool is now used during the site audit of services to capture structured evidence from interviews, observations and document reviews and better enable us to understand and respond to risk.

The second initiative is the consumer experience report (CER). The development of the consumer experience report was supported by La Trobe University's Lincoln Centre for Research on Ageing and a reference group of consumer representatives, service providers, researchers and quality surveyors. We now use core interview questions and structured sampling for participation of consumers and their representatives during a site audit. The feedback from these questions is published alongside the site audit report to provide a consistent way of understanding the consumer experience of care and services at a home.

This year we have also participated in an audit of our business policies and procedures by the International Society for Quality in Healthcare (ISQua). I think it is important that, as a regulatory body assessing aged care providers' performance against a set of standards, we ourselves should welcome and learn from assessment against international benchmarks for quality assessment entities.

Much has been achieved in 2016-17. However there is still more to be done to identify and hold to account those providers who are not getting the quality message and are failing consumers and their families. Following the significant failures in the quality of care at the Makk and McLeay wings of the Oakden facility I commissioned an independent review of the Agency's accreditation processes related to the home. It is clear from this review that we need to continue our work to strengthen our understanding and treatment of risk during an audit.

I would like to acknowledge Ms Andrea Coote, Chair of the Aged Care Quality Advisory Council for her leadership and support, and indeed the full membership of the Aged Care Quality Advisory Council for their valuable advice on the exercise of my functions under the *Australian Aged Care Quality Agency Act 2013*. I would also like to acknowledge my executive leadership team for their ongoing commitment and drive to achieving our goals as an agency and for the benefit of older Australians.

And to the staff – in what has been a busy and at times challenging year, I thank you for your professionalism and dedication to the quality of aged care services.



A handwritten signature in black ink that reads "Nick Ryan". The signature is stylized and cursive.

**Nick Ryan**  
Chief Executive Officer  
30 September 2017

## OUTCOME 1: AGEING AND AGED CARE

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

### WHAT WE DO

Our functions, as set out in the legislation, are:

- ✓ to accredit Residential Aged Care services
- ✓ to conduct quality review of Home Care services
- ✓ to register quality assessors
- ✓ to advise the Secretary of the Department about aged care services that do not meet the Accreditation Standards, the Home Care Standards or the NATSI Flex Aged Care Program under the Quality Framework
- ✓ to promote high quality care, innovation in quality management and continuous improvement
- ✓ to provide information, education and training.

### OUR VISION

World class aged care services driven by empowered consumers who enjoy the best possible quality of life.

### OUR PURPOSE

We are responsible for holding aged care providers accountable against the Accreditation Standards for Residential Aged Care, the Home Care Standards for home care services, Quality Review of National Aboriginal and Torres Strait Islander Flexible Care Services (NATSI Flex) and also supporting service provider performance through education and training and compliance assistance.

### OUR STRATEGIC OBJECTIVES

1. Our regulatory approach prioritises safety and quality outcomes for care recipients
2. Together, with our co-regulators, we ensure consistent, holistic outcomes for care recipients.
3. We inform consumer choice
4. We meet Government expectations

### OUR PEOPLE

Our permanent headcount as at 30 June 2017 was 247 (239 full time equivalent).

The average length of service is over 6 years. Seventy-nine percent of our staff are female.



# 1

## OVERVIEW

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# PERFORMANCE SNAPSHOT

## 2016-17



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### 3,964 visits to Residential Aged Care services including site audits, review audits and assessment contacts were conducted

- ✔ 472 site audits where a service was assessed against the Accreditation Standards
- ✔ 33 review audits where we had concerns that the Accreditation Standards may not be met
- ✔ 2,688 unannounced visits where we monitor performance as part of the Australian Government's requirement that every year an aged care service receive at least one unannounced visit per year
- ✔ 771 assessment contacts were conducted to monitor the performance of Residential Aged Care services against the Accreditation Standards
- ✔ 73 services were placed on a timetable for improvement after not meeting one or more expected outcomes of the Accreditation Standards.
- ✔ 2,677 Residential Aged Care services as at 30 June 2017

A dark blue house-shaped icon with a chimney on the right side. Inside the house, the number '3,964' is written in white, bold, sans-serif font.

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### 1,027 quality reviews and assessment contacts conducted

- ✔ 746 quality reviews were conducted where a service was assessed against the Home Care Standards
- ✔ 281 assessment contacts
- ✔ 86 services were placed on a timetable for improvement after not meeting one or more of the Home Care Standards
- ✔ 2,189 Home Care services as at 30 June 2017

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### 39 reviews of National Aboriginal and Torres Strait Islander (ATSI) Flexible Care Services were conducted

- ✔ 21 visits were conducted
- ✔ 18 announced visits were conducted
- ✔ 32 services as at 30 June 2017

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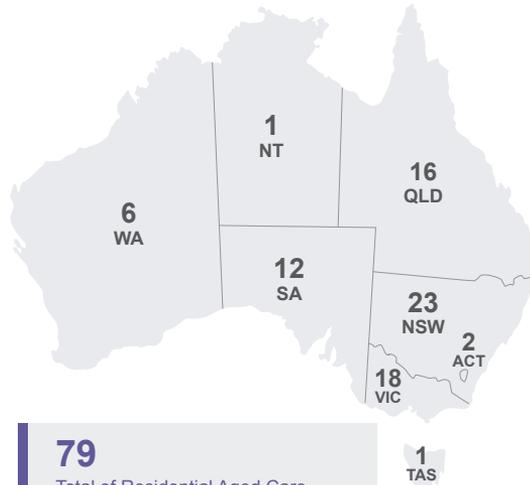
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**More than 47,000 care recipients and their representatives were interviewed as part of our assessment of services against the standards.**

## 1. OVERVIEW

### Number of services that did not meet their standards during 2016-17

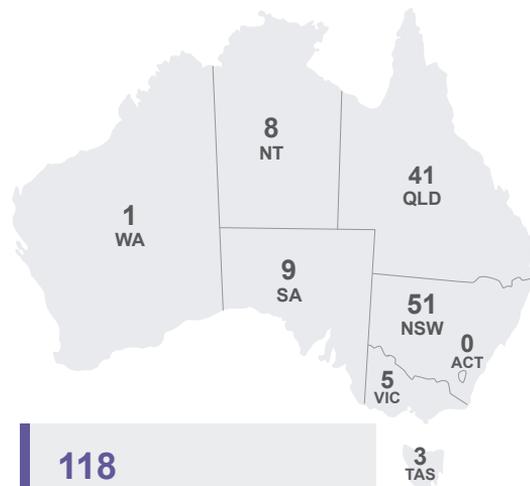
#### Residential Aged Care services



**79**

Total of Residential Aged Care services with Not Met expected outcomes during 2016-17 financial year

#### Home Care services

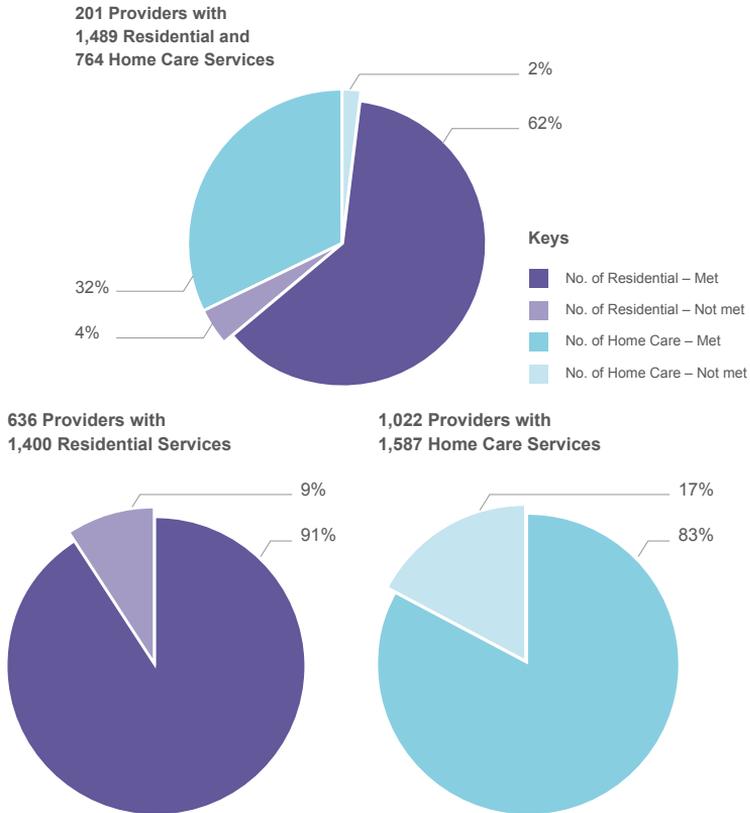


**118**

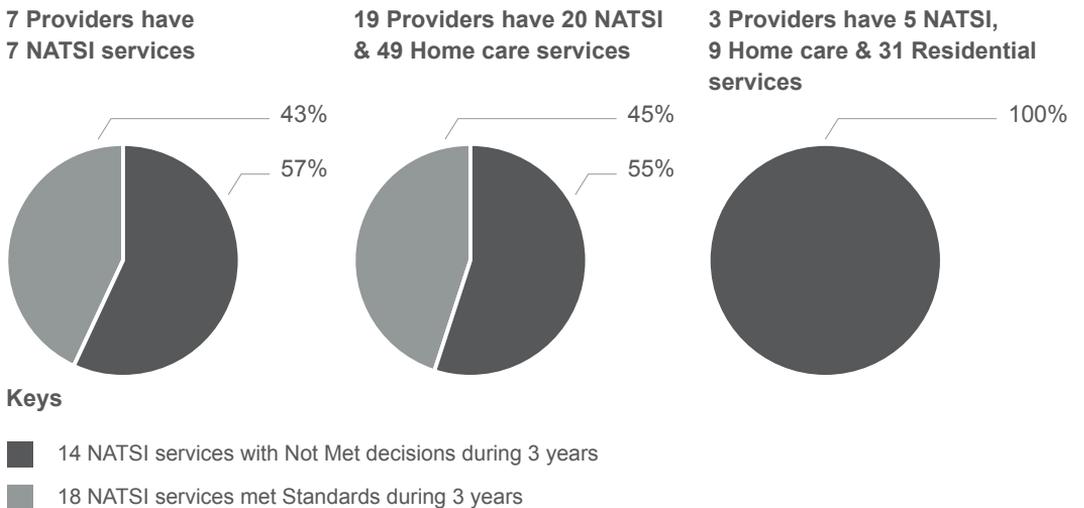
Total of Home Care services with Not Met expected outcomes during 2016-17 financial year

# 1. OVERVIEW

## Providers with or without a mix of residential and home care services and their performance against their standards in 2014-17 (3 years)



## Providers with or without NATSI Flexicare services, Residential Aged Care and Home Care Services and their performance against their standards in 2014-17 (3 years)



# 1. OVERVIEW

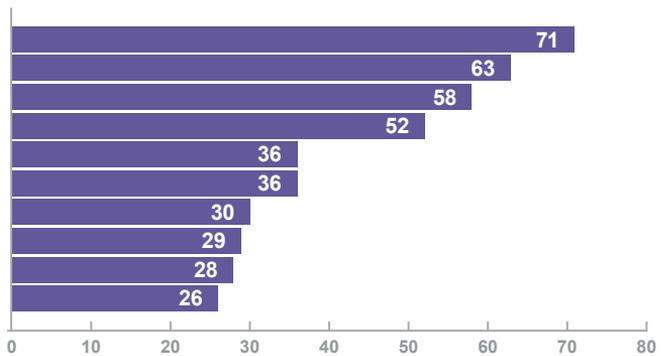
## Chart 1: Residential Aged Care

Frequency of not met expected outcomes found during the 3 year period ending 30 June 2017

### Expected Outcomes

- 1.8 Information systems
- 2.4 Clinical Care
- 2.7 Medication management
- 1.6 Human resource management
- 2.13 Behavioural management
- 4.4 Living environment
- 3.6 Privacy and dignity
- 3.2 Regulatory compliance
- 2.1 Continuous improvement
- 2.11 Skin care

### Frequency of Not Met during the 3 yr period ended 30 June 2017



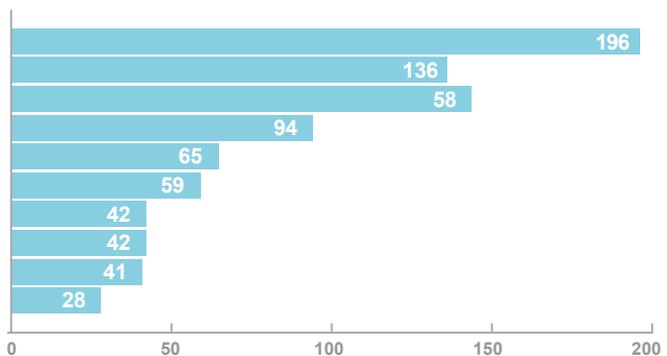
## Chart 2: Home Care

Frequency of not met expected outcomes found during the 3 year period ending 30 June 2017

### Expected Outcomes

- 1.2 Regulatory compliance
- 2.4 Service user reassessment
- 1.6 Risk management
- 2.3 Care plan development and delivery
- 1.3 Information management systems
- 2.2 Assessment
- 1.7 Human resource management
- 3.1 Information provision
- 1.5 Continuous improvement
- 1.1 Corporate governance

### Frequency of Not Met during the 3 yr period ended 30 June 2017



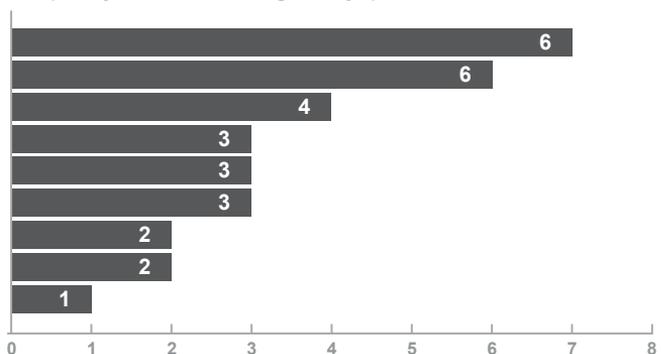
## Chart 3: NATSI Flexicare

Frequency of not met expected outcomes found during the 3 year period ending 30 June 2017

### Expected Outcomes

- 1.3 Review
- 2.3 Risk Management
- 2.4 Human Resources
- 1.1 Assessment
- 1.2 Care Planning
- 2.2 Management Systems
- 1.5 Information
- 2.1 Governance
- 1.4 Clinical Care

### Frequency of Not Met during the 3 yr period ended 30 June 2017



### Highlights and developments

#### Computer-assisted audit tool

Implementation of a new Computer-Assisted Audit Tool (CAAT) to support evidence collection and performance assessment against the accreditation standards during an audit.

Officially launched in June 2017 the Hon Minister Ken Wyatt AM MP, the Quality Agency's new CAAT (Computer-assisted Audit Tool) is a customised application used by our quality surveyors during accreditation audits of Residential Aged Care services.

The new Computer-assisted Audit Tool (CAAT) has been designed in consultation with quality surveyors, aged care specialists and IT developers. Assessment teams can now more systematically record evidence from interviews, observations and document reviews against the expected outcomes of the Standards, as well as making more detailed observations during the audit. This enables the Quality Agency to compile more comprehensive and objective information on a home's performance, than the previous paper-based method.

The CAAT will enhance data collection, and improve the way the Quality Agency reports findings of assessment for service providers and consumers. The CAAT collects information about performance against the Standards which will provide richer data about findings of non-compliance at a home as well as sector performance (such as emerging issues and trends).

The CAAT is a significant step in the Quality Agency's work to strengthen processes to assess the risk of failure against the applicable standards and the risk that such failure poses to the safety, health or wellbeing of care recipients.



*Left to right: The Hon Minister Ken Wyatt AM MP, Mr Steve Bungay Director Envision I.T. Pty Ltd, Ms Ingrid Fairlie Assistant Director Quality Reforms, Mr Nick Ryan Chief Executive Officer Australia Aged Care Quality Agency, Ms Savita Bungay Envision I.T. Pty Ltd*

### Consumer Experience Report

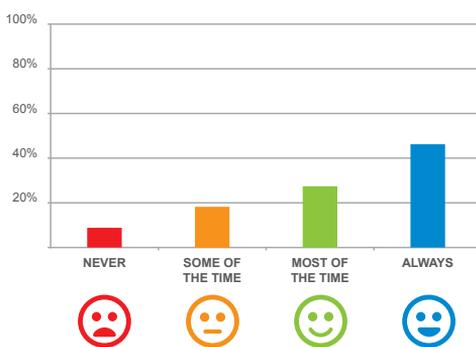
A structured interview has been included in site audits, to better capture and report on the consumer experience of care and services at a Residential Aged Care service.

Each year quality surveyors interview 10% of care recipients or their representatives about their experience of care and services in Residential Aged Care as part of quality assessment against the applicable standards. The Quality Agency identified the opportunity to capture the valuable insights provided by care recipients during site audits and to make better use of this information by reporting on this in a more consumer friendly way.

The Quality Agency commissioned Professor Yvonne Wells of the Lincoln Centre for Research on Ageing (La Trobe University), to develop and pilot interview questions for inclusion in the new Consumer Experience Report. A reference group of consumers, researchers and providers helped to design a core set of interview questions to be used at every site audit. A literature review was undertaken by Professor Yung-Hee Jeon of Sydney University. The Quality Agency also conducted social research through consumer focus groups. This helped to identify the quality domains and formulate questions that were important to consumers of Residential Aged Care services.

The core interview questions and a sampling method for these interviews were introduced during site audits of Residential Aged Care services in May 2017. From 30 June 2017 the CER was published on the Quality Agency website alongside the site audit report for the home (when minimum sample requirements have been met).

#### Do the staff explain things to you?



73% of responses were:  
most of the time or always

The information from the interviews forms an important part of the assessment of performance of the service against the expected standards of care and services.

It gives a stronger voice to consumers who are living at the service and provides information to assist older Australians and their families in choosing a service. The report also provides information to assist services to continuously improve outcomes for consumers of their services. More information is available on the Quality Agency's website at <http://www.aacqa.gov.au/publications/consumer-experience-reports>.

### **Cost recovery of accreditation services to Residential Aged Care**

#### **The Quality Agency implemented full cost recovery for accreditation services to Residential Aged Care services in 2016-17.**

Fees for accreditation of commencing aged care services and re-accreditation of accredited services and previously accredited services have been in place since the commencement of the accreditation of residential care services in 1999. The fees were previously specified in the Quality Agency Principles 2013 (the Principles).

Delivering on measures announced in the 2015-16 Budget, the Quality Agency developed a Cost Recovery Implementation Statement (CRIS) which set out the overarching framework for the Quality Agency's consultation, design, implementation and review of cost recovered activities.

The new fee structure was implemented from 19 May 2017. The Quality Agency's CRIS provides a transparent fee schedule for accreditation services that reflects the costs of services provided, largely driven by the number of quality surveyors and the audit duration. To mitigate the costs of having a negative impact on the quality of care in potentially vulnerable services (e.g. small services in rural and remote areas or those looking after homeless clients), these services have discounted cost recovery arrangements. These arrangements are also detailed in the CRIS.

The 2015-16 Budget announcements also included cost recovery of one unannounced site visit by the Quality Agency per year. The 2016-2017 Budget included an appropriation of \$10.1 million for the Quality Agency to undertake unannounced visits throughout 2016-2017. These costs were therefore not recovered from providers in 2016-2017.

In June 2017, we commenced consultation on a Draft Cost Recovery Implementation Statement (Draft CRIS) for introduction of a new levy, payable by approved providers of Residential Aged Care services, for an annual unannounced site visit. The Department of Health is responsible for the legislation that is required to implement the new levy.



## **OUR ROLE IN THE REGULATORY FRAMEWORK FOR AGED CARE**

The Quality Agency is the independent statutory agency responsible for assessment of performance against standards, monitoring compliance and promoting high quality care and innovation in quality improvement.

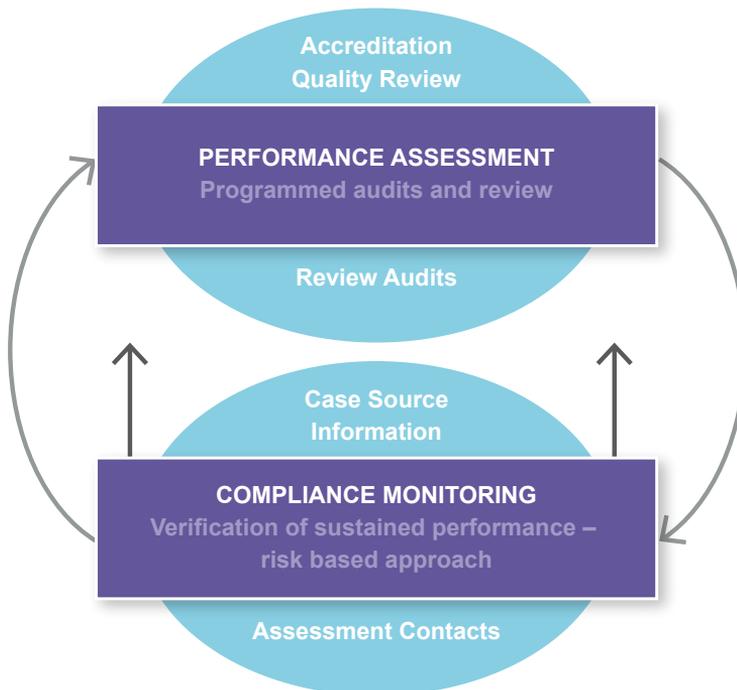
# OUR ROLE IN THE REGULATORY FRAMEWORK FOR AGED CARE

## What we do

We are the statutory body responsible for quality assurance across Australian Government-funded aged care. We review and assess the performance of aged care services and determine the nature and extent of compliance monitoring activities.

Our accreditation and quality review responsibilities are undertaken through regular assessments of a service's performance against the applicable standards. Quality assessment is supported by compliance monitoring functions and reporting to the Department of Health when a service is not meeting expected standards.

In the case of residential services, each service is assessed against the Accreditation Standards. For Home Care and CHSP services, assessment is against the Home Care Standards. There are quality standards within the Quality framework for the National Aboriginal and Torres Strait Islander flexible aged care services.



### Our regulatory framework

We are part of the regulatory framework for ensuring quality services for people receiving Australian Government funded aged care. The regulatory framework governs:

- ✓ who may provide Australian Government funded aged care services;
- ✓ the type of care and services that must be provided ;
- ✓ the quality of care and services; and
- ✓ the rights and responsibilities of those receiving care.

There are two other Australian Government organisations in the regulatory framework for aged care.

### The Department of Health and the Aged Care Complaints Commissioner

The Department of Health has policy responsibility for ageing and aged care, including managing the policy framework for quality standards. This is independently supported by the Quality Agency in the assessment of performance of aged care services, monitoring compliance with the applicable standards and promoting high quality care and innovation in quality improvement.

The role of the Aged Care Complaints Commissioner is to examine individual complaints. Our role is to ensure that there are systems and processes in place that lead to quality care delivery to care recipients by approved providers.

During 2016-2017 we worked closely with both the Department of Health and the Aged Care Complaints Commissioner to ensure coordinated responses to regulatory issues. We recognise that our work is supported by effective engagement and information exchange with our co-regulators.

In 2017 we signed a memorandum of understanding (MOU) with the Department of Health. This MOU facilitates the exchange of information and establishes processes that support regular engagement between the Department and the Quality Agency at appropriate levels to support our linked regulatory programs.

Our MOU with the Aged Care Complaints Commissioner facilitates the exchange of information and establishes processes that support regular engagement between the Commissioner and the Quality Agency at appropriate levels.

**In the period between 1 July 2016 and 30 June 2017 we received 1,254 referrals from the Department and Aged Care Complaints Commissioner. Ninety-one percent of the referrals were for Residential Aged Care services.**



## ACCREDITATION AND QUALITY REVIEW PROGRAMMES

How we deliver:

- ✓ accreditation of residential care services in accordance with Quality Agency Principles 2013, and the Accreditation Standards;
- ✓ conduct of quality reviews for home care services and Commonwealth home support program (CHSP) services in accordance with Quality Agency Principles 2013, and the Home Care Standards;
- ✓ conduct of quality reviews for National Aboriginal and Torres Strait Islander flexible aged care services in accordance with Quality Agency Principles 2013, and the National Aboriginal and Torres Strait Islander Flexible Aged Care Program Quality Standards;
- ✓ advice to the Secretary about aged care services that do not meet the Accreditation Standards or the Home Care Standards.

*Australian Aged Care Quality Agency Act 2013*

# ACCREDITATION AND QUALITY REVIEW PROGRAMMES

## Accreditation of Residential Aged Care Services

Residential Aged Care provides a range of care, accommodation, hospitality and other services for older people who are unable to continue living independently in their own homes.

All Residential Aged Care services must be accredited in order to receive Australian Government subsidies. Accreditation is a key component of the aged care regulatory environment established by the Aged Care Act 1997. It seeks to assess a level of performance against established standards and contribute to improved safety, quality and continuous improvement of services. Aged care facilities must be accredited in order to receive Australian Government subsidies. The process of accreditation is outlined in the Quality Agency Principles 2013 (the Principles) and subordinate legislation.

The main elements of the accreditation process are:

- ✓ self-assessment by the service against the Accreditation Standards;
- ✓ submission of an application for accreditation (or re-accreditation);
- ✓ assessment by a team of registered aged care quality assessors at a site audit;
- ✓ a decision about the service's accreditation by a decision-maker (not part of the assessment team);
- ✓ issue of an accreditation certificate;
- ✓ publication of the decision on the Quality Agency's website.

The Quality Agency assesses the performance of residential care services against the Accreditation Standards (the Standards). The Standards include 44 expected outcomes from four general standards:

- (1) Management systems, staffing and organisational development;
- (2) Health and personal care;
- (3) Care recipient lifestyle;
- (4) Physical environment and safe systems.

Initial accreditation is for one year and subsequent re-accreditation periods are determined based on assessment of the service's performance against the Accreditation Standards.

Accreditation is supported by compliance monitoring through Quality Agency visits (with and without notice) to the service and is enforced through compliance sanctions issued by the Department of Health.

### Site Audits

During a site audit the assessment team evaluates the quality of care and services provided by the service against the Standards. This includes considering any relevant information about the quality of care and services provided by a care recipient, former care recipient or their representative. The assessment team interviews staff, care recipients, relatives and other relevant people, observes the environment and practices of the service and reviews documents in order to understand the performance of the service. This allows the assessment team to collect evidence and corroborate information from varied sources to form an assessment of performance against the expected outcomes of the Standards.

The provider is required to notify care recipients, or their representatives, of the date of the Quality Agency site audit so the assessment team has the opportunity to meet with consumers about the quality of care and services they are receiving. The Quality Agency assessment team interviews a minimum of 10% of care recipients or their representatives. Representatives may include family members, clinical representatives, a guardian, a person with power of attorney or any other representative of the resident.

The Quality Agency has recently implemented a new structured interview, the Consumer Experience Report (CER). The CER is a set of minimum core interview questions used by assessment teams with a random sample of care recipients during site audits (see Highlights section for more information).

### Accreditation decisions

Following a site audit, the assessment team prepares a report of its findings to be considered by a delegated officer of the Chief Executive Officer (CEO) of the Quality Agency. The provider of the residential care service may make a response to the major findings of the audit. The Quality Agency considers the audit report, any response made by the provider of the service and other matters prescribed by the Quality Agency Principles to make a decision on the application for re-accreditation.

The decision can be to re-accredit the home, not to accredit or to revoke accreditation of the service.

The accreditation decision and the site audit report are published on the Quality Agency's website and the Department of Health along with the reasons and a copy of the site audit report. Further regulatory actions by the Quality Agency are detailed under compliance monitoring on page 26.

## 1. OVERVIEW

**Table 1: Accreditation status of Residential Aged Care services as at 30 June 2017**

Accreditation Period	NSW	VIC	QLD	SA	WA	TAS	ACT	NT	Totals
Less than one year	1	1	0	3	1	0	0	0	6
One year - Commencing services	14	10	7	0	2	0	1	0	34
One year - Existing services	6	0	1	3	1	0	0	0	11
More than 1 year but less than 2 years	1	0	1	1	0	0	0	0	3
Two years	4	0	12	0	4	0	0	0	20
More than 2 years but less than 3 years	4	1	1	0	0	0	1	1	8
Three years	850	746	423	183	226	75	24	10	2,537
Five years *	0	0	0	57	0	0	0	1	58
<b>Total Accredited Services</b>	<b>880</b>	<b>758</b>	<b>445</b>	<b>247</b>	<b>234</b>	<b>75</b>	<b>26</b>	<b>12</b>	<b>2,677</b>

\* Residential Aged Care services receiving five year accreditation were part of the South Australia Innovation Hub.

### Review Audits

A review audit is an onsite audit to assess all 44 expected outcomes of the Standards. A review audit is undertaken when there are reasonable grounds to believe that the provider may not be complying with the Standards.

A trigger for a review audit is concerns identified during an assessment contact. In addition, a review audit may be conducted following a referral from the Complaints Commissioner or the Department, or upon receipt of information provided by a member of the public. A review audit must be conducted if requested by the Secretary of the Department.

At a review audit the assessment team interviews staff, care recipients, relatives and other relevant people, observes the environment and practices of the service and reviews documented evidence in order to assess the performance of the service.

## 1. OVERVIEW

Following a review audit, the Quality Agency may revoke the service's accreditation, vary its period of accreditation or leave its accreditation unchanged.

The decision is sent to the provider and the Department of Health along with the reasons and a copy of the review audit report. The review audit decision and the review audit report are published on the Quality Agency's website.

Further regulatory actions by the Quality Agency are detailed under dealing with non-compliance.

**Table 2: Number of Review audits 2016-2017 and the accreditation decision**

	NSW	VIC	QLD	SA	WA	TAS	ACT	NT	Total
Not to Revoke (no change to the accreditation period)	4	1	0	2	3	0	1	0	11
Vary accreditation period	10	1	0	4	1	0	1	1	18
Revoke accreditation	0	1	0	3	0	0	0	0	4
<b>Total Services</b>	<b>14</b>	<b>3</b>	<b>0</b>	<b>9</b>	<b>4</b>	<b>0</b>	<b>2</b>	<b>1</b>	<b>33</b>

# QUALITY REVIEW OF AGED CARE SERVICES PROVIDED IN THE COMMUNITY

## The quality review process

The quality review process requires the provider to complete and submit a self-assessment of their service. This self-assessment forms the basis of a desk top review. A desk top review involves a quality surveyor contacting the provider via telephone to discuss their self-assessment and other information relating to their quality review.

Quality review involves a visit to the service to carry out an assessment, interview staff and management about their systems, processes and practices. It includes sampling care recipient records, reviewing documents such as policies, procedures, agreements and registers, interviewing available care recipients or representatives, observing any activities in progress and any interaction with care recipients or representatives.

An interim quality review report sets out the interim assessment of the performance of the service against the Quality Standards. The service is invited to respond to the information in the interim quality review report before a final report is prepared. If the interim quality review report recommends the service fails to meet the Quality

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Standards, the service must submit a plan for continuous improvement detailing the current and intended improvement actions or strategies to rectify the failure. A decision is then made about the service's performance against the Quality Standards. A final quality review report is then given to the provider which sets out the results of the decision and any areas for improvement should there be any failure to meet the Standards.

### Home care services

Home care services and CHSP services undergo a quality review at least once every three years to demonstrate their performance against the Home Care Standards. Under the regulatory case management model more frequent reviews will be undertaken if risks of failure are identified.

We are at the end of our third year of undertaking quality review for Home Care services. 746 or 34.1 per cent of home care services have had a quality review in 2016-2017.

**Table 3: Home Care services as at 30 June 2017**

	NSW	VIC	QLD	SA	WA	TAS	ACT	NT	AUST
Number of services	739	456	532	176	96	90	33	67	2,189

In July 2016, over 300 Home and Community Care (HACC) services in Victoria (subject to the quality review process) were transferred from the state government to the Commonwealth and therefore came under the quality monitoring of the Quality Agency. The Government's reforms, to provide greater choice and support for older people to stay at home, took effect in 2016-17 (Increasing choice in Home Care, January 2017).

The Quality Agency put new measures in place to understand and assess the risks of new services entering the market. This meant we were able to prioritise the quality review of those services where possible risks to consumers were identified. We also developed new resources and information to for new providers and tools to enable services to self-assess their services against the expected quality standards.

### National Aboriginal and Torres Strait Islander Flexible Aged Care Services

Services delivered under the National Aboriginal and Torres Strait Islander flexible aged care program are designed to deliver a flexible mix of residential, day care, respite care and community based aged care.

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We conduct quality reviews of services under this program to assess performance against the Quality Standards. The Quality Standards consist of two overarching principles, two standards and nine expected outcomes that are part of the National Aboriginal and Torres Strait Islander flexible aged care program quality framework.

**Table 4: National ATSI Flexicare services as at 30 June 2017**

	NSW	VIC	QLD	SA	WA	TAS	ACT	NT	AUST
Number of services	2	2	3	6	2	3	33	67	2,189

There were 32 National Aboriginal and Torres Strait Islander Flexible aged care services as at 30 June 2017. 21 of these services had a quality review in the 2016 - 2017 financial year.

The Quality Agency undertakes a quality review of each National Aboriginal and Torres Strait Islander flexible aged care service at least once every two years. We decide on the form and frequency of assessment contacts between quality reviews on a case-by-case basis, guided by the service's performance and all other relevant information we receive.

## Compliance monitoring

### Assessment contacts

Assessment contacts are any form of contact between the Quality Agency and an approved provider for one or more the following purposes:

- ✓ to assess the approved provider's performance in relation to the service, against the Accreditation Standards, Home Care Standards or Flexible care Standards (as applicable);
- ✓ to assist the approved provider's process of continuous improvement in relation to the service;
- ✓ to identify whether there is a need for a review audit of the service;
- ✓ to give the approved provider additional information or education about the assessment process and requirements.

Assessment contacts are used to monitor compliance of a service with applicable standards. Where there are reasonable grounds to believe that a service is not meeting the standards the Quality Agency will escalate to a review audit for residential services and quality review for all other services.

Assessment contacts can be undertaken at any time in response to information received from care recipients and/or their representatives, the public, as well as referrals from the Complaints Commissioner or the Department. If a service has been

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found to have non-compliance with one or more of the expected outcomes of the standards then assessment contacts can also be used to assess whether the service has made the necessary improvements in order for the standards to be met at the end of the timetable set by the Quality Agency.

Risk-based contacts target certain expected outcomes of the applicable standards. The scope of compliance assessment is based on:

- ✔ regulatory intelligence on the service such as complaints and information received by the Quality Agency;
- ✔ the service's previous performance such as history of non-compliances and areas for improvement;
- ✔ regulatory campaigns addressing systemic risks prevalent at a sector level such as medication management, care assessment and planning, complaints management, or
- ✔ a combination of the above.

Under the Quality Agency Principles all visits to Home Care, CHSP, and National Aboriginal and Torres Strait Islander flexible aged care services occur with notice (announced). Assessment contacts to Residential Aged Care services may occur with notice or without (unannounced).

It is policy for each Residential Aged Care service to receive a minimum of one annual unannounced visit per year. **In 2016-2017 we conducted 3,459 residential assessment contacts, comprising assessment contacts general and the annual unannounced program.**

When a performance assessment has been undertaken during an assessment contact the assessment information is given to the service. The Quality Agency advises on any areas where improvements are needed in order for the standards to be met and the arrangements for future assessment contacts.

### Dealing with non-compliance

When there is a finding that a service has not complied with all of the Standards, the Quality Agency notifies the service of the areas in which improvements must be made and the timetable for making the improvements necessary to comply. A timetable for improvement (TFI) is based on assessed risks and compliance history of the service.

The Quality Agency must also notify the Department of Health of the non-compliance.

In 2016-2017, 73 Residential Aged Care services were placed on a timetable for improvement (TFI). Of these, 56 TFIs were resolved within the timeframe. This includes services that were on an existing TFI prior to start of the financial year.

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In 2016-2017, 86 Home Care services were placed on a timetable for improvement (TFI). Of these, 84 TFIs were resolved within the timeframe. This includes services that were on an existing TFI prior to start of the financial year.

If a Residential Aged Care service fails to meet the expected outcomes within the timetable set out for improvement, the Quality Agency may decide to undertake a full review audit of the service and then decide whether to revoke the service's accreditation or to vary the period for which the service is accredited.

The Quality Agency notifies the Department of Health of any non-compliance found at the end of the TFI. The Department is responsible for determining whether or not to impose compliance sanctions.

**Table 5: Services with not met expected outcomes by state as at 30 June 2017**

	NSW	VIC	QLD	SA	WA	TAS	ACT	NT	AUST
Residential service	8	2	7	6	3	1	0	1	28
Home Care services	4	0	12	7	1	0	0	5	29
National ATSI flexicare services	0	0	0	0	0	0	0	3	3

*This is a snapshot of services with non-compliance as at this date.*

### Findings of serious risk

If the Quality Agency finds a failure by an approved provider of a service to meet one or more expected outcomes of the applicable Standards, the Quality Agency must decide whether there is evidence that the failure has placed, or may place the safety, health or wellbeing of a care recipient of the service at serious risk.

The Quality Agency will act promptly to consider the impact of the failure on the safety, health or wellbeing and whether care recipients have been or may be placed at serious risk. The approved provider has an opportunity to respond to the notification of possible serious risk. Because of the nature of serious risk impacting on care recipient(s) the approved provider is given a short period to respond to evidence of serious risk.

In making a decision as to whether the failure has placed or may place a care recipient at serious risk the Quality Agency may decide that the failure has placed a care recipient at serious risk even if the failure has subsequently been addressed by the approved provider. When the Quality Agency makes a finding of serious risk the Quality Agency gives the approved provider of the service a written notice outlining the reasons for and evidence of the risk and also notifies the Department of Health. This ensures that prompt attention by the approved provider of the service is given to rectifying the risk to care recipients.

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The Department of Health in accordance with its own legislative provisions, may determine that there is an immediate and severe risk to the health, safety or wellbeing of a care recipient or ongoing non-compliance, and impose sanctions on the approved provider.

You can find out more about serious risk on our website at [www.aacqa.gov.au/serious-risk](http://www.aacqa.gov.au/serious-risk).

**Table 6: Number of serious risk decisions 2016-2017**

	NSW	VIC	QLD	SA	WA	TAS	ACT	NT	Total
Total	11	1	0	6	2	0	1	1	22

### Continuous Improvement

Under the Quality Agency Principles 2013, approved providers must have a written plan for continuous improvement that explains how they will meet their obligations in relation to the applicable standards.

Continuous improvement is a systematic, ongoing effort to improve the quality of care and services for care recipients.

Following a finding of non-compliance the Quality Agency can direct the approved provider to revise the plan for continuous improvement for the service to demonstrate how the approved provider will comply with the standards and they must provide this to the Quality Agency. An approved provider must make available a copy of their plan for continuous improvement which assists in informing decisions about a service's performance against the applicable standards.

## Regulatory Practices

### Case management and risk

The Quality Agency applies a regulatory 'case management' approach to ensure that quality assessment activities focus on areas of highest risk to the health and safety of care recipients. Under regulatory case management, services with higher risk activities or with a history of poor performance are subject to more compliance monitoring oversight and compliance assistance education to assist continuous improvement.

Regulatory case management decisions may take into account a range of information, including information from the public or the media; referrals from the Department of Health and the Aged Care Complaints Commissioner; administrative changes or governance issues that have the potential to affect an approved provider's performance. This means that any new information received is considered along with

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other information about a service to determine what, regulatory action is appropriate and to prioritise initiating timely action to address risks of poor care and services.

There is a Case Management Committee in each state office through which appropriate actions are planned, and the National Case Management Committee which meets monthly to review case progress and actions.

### Decision making

Quality Agency decision-makers are senior staff that have been delegated by the CEO to make decisions under the Quality Agency Principles 2013.

The Quality Agency Principles, 2013 provide the statutory framework for matters to be considered in making a decision. The Quality Agency applies best practice principles in administrative decision practice decision making in considering relevance, sufficiency and reliability of evidence.

When a decision is made, we ensure it clearly articulates our expectations and the underlying reasons for our decision. All accreditation and quality review reports outline the service's performance against the applicable standards including:

- ✔ decision on the number of expected outcomes met or not met;
- ✔ the reasons for the decision;
- ✔ and for residential care services, the period of accreditation.

We ensure that decisions are clearly communicated to approved providers. Our policies and procedures enable our decision-makers to effectively monitor legislated and internal decision-making timeframes so that all timeframes are consistently met.

### Reconsideration and Review

The Quality Agency Principles 2013 provide the statutory review process for our decisions. A provider may request a reconsideration of an Accreditation decisions to:

- ✔ refuse to accredit a new home, or to re-accredit an accredited home;
- ✔ revoke the accreditation of an accredited home;
- ✔ vary the accreditation period for an accredited home.

We may reconsider a decision on our own initiative if we decide it is appropriate to do so. Reconsideration decisions are made under delegation of the CEO.

A reconsideration decision confirms the decision, varies the decision or sets the decision aside and substitutes a new decision. Applications may be made to the Administrative Appeals Tribunal (AAT) for review of reconsidered decisions.

**In the 2016-2017 year, we made 545 reviewable decisions and were asked to reconsider six decisions by the approved providers.**



## REGISTRATION OF QUALITY ASSESSORS

To register quality assessors of residential and home care services in accordance with the Quality Agency Principles.

*Australian Aged Care Quality Act 2013*

## QUALITY ASSESSOR WORKFORCE

### Quality Surveyors

Our approach is to use solid recruitment criteria and merit based selection techniques, including behavioural interviewing.

### Registration of Quality Assessors

The Quality Agency registers quality assessors of residential and homecare services in accordance with the Quality Agency Principles.

The Quality Agency's quality assessments are undertaken by registered Quality Assessors (internal job role for employees is called Quality Surveyor) who have completed a CEO approved Assessor course and satisfied a range of other requirements as specified in the Quality Agency Principles 2013 (Part 3: sections 2.49 – 2.56).

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As at 30 June 2017 there were 305 Quality Assessors on the register. Of these 150 (49 per cent of the total) are internally employed. External assessors number 155 (46 per cent of the total) both as casual and contract employment.

In 2016-17 there was one re-registration application refused.

The assessor register has 166 (54 per cent of the total) assessors with nursing qualifications and experience. A number of other allied health professionals are among the registered quality assessors. The Quality Agency has a policy on the assignment of assessment teams which includes the allocation of a qualified nurse onto an audit team.

### Quality Surveyor training program

A revised Quality Surveyor training program (QSTP) for commencing Quality Surveyors was developed and implemented in 2016-17 to support our strategic objectives and regulatory obligations. The QSTP replaces the previous training course and has been endorsed by the CEO as required under the Quality Agency Principles. The QSTP aims to equip Quality Surveyors with the underpinning knowledge and practical workplace readiness skills required for assessing and reviewing the performance against the applicable aged care standards.

The course has new or enhanced content for:

- ✔ aged care regulatory and quality framework;
- ✔ update of serious risk and referral information;
- ✔ enhanced focus on accurate, reliable and sufficient evidence gathering and analysis. Including a focus on evidence to support findings of failure and serious risk, decision making and report writing;
- ✔ report writing to support findings of failure and serious risk, decision making – includes the Consumer Experience Report;
- ✔ includes scenario based activities.

The QSTP course is aligned to national VET auditing competencies, Quality Surveyor job role competencies and ISQua Guidelines and Standards for Surveyor Training programmes. It combines structured learning and assessment with ongoing on-the-job development and performance management. There are 8 Modules, including 2 on-the-job Modules (Modules 1 and 8). The new modular structure of the program also lends itself to being used for refresher training as needed for current Quality Surveyor staff.

### International accreditation of Quality surveyor training

The Quality Assessor course was accredited by International Society for Quality in Health Care (ISQua) in Nov 2015 for a four year period, ending October 2019. ISQua assesses health care facilities worldwide and accredits entities that assess the standards of organisations who set the benchmarks in healthcare safety and quality against specific health and social care standards.

The accredited training program is subject to continuous improvement and an updated self assessment against the ISQua 3rd edition Guidelines and Standards for Surveyor Training Programmes and action plan was submitted this year to ISQua as part of the review and development of the new training.



### Continuing professional development

Quality Assessors are required to undertake a minimum of 15 hours of relevant training each year they are registered. At least 10 of the 15 hours are required to be training provided by the Quality Agency. In 2016 a total of 17 hours of training was made available to each quality surveyor through Continuing Professional Development (CPD) workshops provided by the Quality Agency.

The aims of the CPD program remain the same:

- ✓ develop quality surveyors' skills and knowledge and maintain currency related to industry environment and government policy agenda;
- ✓ contribute to the annual 15 hours of professional development required to be undertaken by all surveyors to maintain their registration.

Two full day sessions have been held in November 2016 and April 2017. Another half-day session has been held in June 2017. In all state offices, we provide ongoing training to quality surveyors about contemporary audit techniques and methodologies, as well as general industry developments, government policy and legislative updates.



## EDUCATION PROGRAMMES

*How we deliver:*

- ✔ Promotion of high quality care, innovation in quality management and continuous improvement amongst approved providers of aged care;
- ✔ Provide information, education and training to approved providers.

*Australian Aged Care Quality Agency Act 2013*

## EDUCATION PROGRAMMES

The education and engagement function seeks to provide value by:

- ✔ promoting better practice and continuous improvement in aged care service delivery through Better Practice conferences and awards programs, information and sector improvement activities;
- ✔ delivery of an education program to support continuous improvement and performance against the standards that reflects contemporary good practice in adult learning, aged care, and regulatory performance;

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- ✔ ensuring relevant, accessible information and resources to support quality in service delivery and raise public awareness in the quality assessment processes and regulatory framework for ensuring safe standards of care and services;
- ✔ engaging with our key stakeholders to build effective networks and relationships to promote continuous improvement and better outcomes in the quality of care and quality of life for older people.

### Compliance assistance education

From July 2016, we integrated our previous quality education on the standards program (QUEST) into our compliance assistance education program. We have strengthened the link between compliance assistance education services and the case management of services that are at risk of failing to meet the applicable standards.

Compliance assistance education provides tailored and targeted education sessions related to the applicable standards, quality principles, continuous improvement and the accreditation and quality review processes to those services that need it most.

We delivered compliance assistance education sessions to 542 services across Australia:

- ✔ 349 sessions (64%) in Home Care services and National ATSI Flexicare;
- ✔ 193 sessions (36%) in Residential Aged Care services;
- ✔ 206 sessions (38%) in total have been directly related to our regulatory case management activities.

Compliance assistance education is funded through the Quality Agency's appropriation.

### **CASE STUDY: VICTORIA – SUPPORTING A MAJOR SECTOR TRANSITION**

In July 2016, over 300 Home and Community Care (HACC) services in Victoria (subject to the quality review process) were transferred from the state government to the Commonwealth and therefore came under the quality monitoring of the Quality Agency. A number of these providers are small, ethno-specific and deliver culturally specific services.

Through the case management process we have worked with a number of these providers to assist in their understanding of the quality review process and the Home Care Common Standards. One particular provider received 18 not met expected outcomes at their previous HACC quality review. Compliance assistance education was conducted prior to commencing our quality review. Education focused on the quality review process but was also targeted to assist them to understand the gaps identified in their previous review. At the quality review they met 17 out of 18 expected outcomes and met all 18 at the end of their timetable for improvement.

## **Courses and workshops**

### **Understanding Accreditation and Understanding Quality Review**

Core training is provided to support understanding of what is required to meet the relevant aged care standards and our regulatory approach to accreditation and quality reviews. These programs focus on the expected outcomes and quality assessment processes for residential and Home Care.

In 2016-17 the courses were revised to reflect recent changes and the different levels of maturity in residential and Home Care services in relation to quality assessment.

Both of these courses continue to be extremely well subscribed nationally. During the financial year we completed 58 Understanding Accreditation courses attended by 757 participants and 20 Understanding Quality Review courses attended by 186 participants.

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Some feedback from participants

*A good program knowing how to prepare for accreditation as a manager then building on that knowledge has supported my learning by providing updated information regarding accreditation process.*

*Thoroughly enjoyed the course, great networking opportunity, tied all things together to make my role in re-accreditation easier to understand.*

### Targeted workshops

The following workshops were held in 2016-17.

- ✓ Focus on diversity;
- ✓ Making the most of complaints;
- ✓ Consumer directed care and Home Care standards workshop;
- ✓ Managing accreditation performance workshop.

Some feedback from workshop participants:

*The training was relevant to my day to day work. I gained a lot more knowledge that I can use to benefit the older people in my program. It was good to meet other providers and listen to their challenges as well.*

### **CASE STUDY: QUEENSLAND – CASE MANAGEMENT AND EDUCATION GO HAND IN HAND**

In Queensland, through our case management approach, we have worked with an approved service provider in a remote Aboriginal community that delivers Commonwealth Home Support Program and Home Care Programme to 42 clients. Following a quality review by the Quality Agency the service was found to not meet three of the expected outcomes from the Home Care Common Standards.

The Quality Agency customised a compliance assistance education program for staff and management on the quality review process, the Home Care Common Standards and focused particularly the areas that were not currently meeting the standards. Self-assessment tools were provided to assist the service to identify their own performance and what they needed to do moving forward.

Through our case management approach and face to face compliance assistance education, the service was able to meet the requirements of the timetable for improvement.

## **Information and resources**

### **Qhome**

The Quality Agency provides Qhome is a free, online, work-based learning resource to support Home Care service provider and staff.

Qhome contains general information about the quality review process and the Quality Agency, together with nine topics supporting performance against the Home Care Standards – including the Home Care Standards, quality review overview, regulatory compliance, continuous improvement, risk management, assessment, care planning and re-assessment.

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### Quality Standard

The industry newsletter, Quality Standard, is distributed monthly via an email newsletter and is available online. The Quality Standard is emailed to 7,000 subscribers, aged care providers, staff and quality surveyors each month.

The Quality Standard is focused on promoting quality of care and quality of life for older Australians in aged care and those receiving Home Care services. Quality Standard contains articles on our regulatory work, accreditation and quality review processes, statistics and analysis of industry performance and news on the latest research and resources that are available, and information on our popular education program.

Free subscription to the Quality Standard is available on our website.



### CASE STUDY: NORTHERN TERRITORY – CULTURALLY APPROPRIATE APPROACH GETS RESULTS

In the Northern Territory we have offered a series of compliance assistance education sessions in five remote areas. All the services provide community home support programs (CHSP) and Home Care package programs (HCP) to Aboriginal care recipients. These services were provided with targeted sessions for board members and management and also to care workers.

Culturally appropriate learning process and storytelling was used to draw out on the job experiences which were linked back to the Standards. Sessions were tailored to the board, management and staff's specific needs to build an understanding of the requirements of the standards and what was needed to meet them.

Compliance data the end of the service's timetable for improvement and more recent compliance monitoring is showing these services are now maintaining compliance against the Home Care Common Standards.

# Promoting Better Practice

## Better Practice Conferences 2016



Seven Better Practice Conferences were held in 2016, with 1,475 delegates attending, including 293 delegates from home and community care. For the second time we headed to Darwin, where 77% of delegates were from home and community care, including representation from remote indigenous communities.

The 2016 theme was 'The Quality Experience – Beyond the Expected'. This theme explored what it takes to go above and beyond the 'expected' level of quality care and move into a deeper exploration of the consumer experience of quality in aged care.

Our keynote speakers included:

- ✓ Dr Simon Duffy, from Centre for Welfare Reform United Kingdom;
- ✓ Professor Maryanne Confoy RSC from University of Divinity;
- ✓ Professor Joseph Ibrahim from Monash University;

What conference delegates had to say about Better Practice 2016:

*"What a wonderful conference, all speakers were excellent and gave great ideas for improvement".*

### **Better Practice Awards**

Our annual Better Practice Awards program recognises projects, initiatives or programs that act as exemplars for other aged care service providers and encourages continuous improvement to care and services.

Nominations are assessed by an expert independent panel in making with aged care experience, consumer insights and expertise. Selection criteria includes a focus on quality of care and quality of life outcomes for consumers. The independent panel includes a representative from the Aged Care Quality Advisory Council.

In 2016 there were 28 Better Practice Award winners. Many of the winners were invited to speak on our Better Practice conference program, to share their award-winning projects, initiatives and programs. Full profiles of the Award winners, past and present, are published on our website.

In 2017 we introduced a higher tier to the Better Practice Award – the ‘National Innovation and Excellence in Aged Care’ award. This award seeks to recognise a smaller number of providers, nationally, that are demonstrating leading edge, innovative practices in aged care that represent ‘excellence’.

We will continue to recognise better practice “Better Practice Commendation Awards”. These awards will retain a clear focus on quality and safety for consumers, as in previous years.

In 2017, 119 nominations were considered for the Awards – 16 from Home Care, 83 from Residential Aged Care, and 20 from approved providers who provide both Home Care and Residential Aged Care.

# REPORT ON PERFORMANCE

The Quality Agency has taken a more strategic approach in 2016-2017 which includes a process of continuous improvement in our financial performance and results.

In 2016-2017 the Quality Agency focused on refining our core operational and reporting capability. Financial systems were reviewed and adapted to position the Quality Agency more firmly within the Australian Public Sector and work commenced on redesigning the software programs that support our core operational activities.

Apart from its technical support systems, the Quality Agency also looked at its staffing requirements in the light of its first full year's cycle of managing the quality review of Home Care services.

## Financial activities

### Operating results

The Quality Agency returned a small surplus of \$2,047 before depreciation against a targeted break-even position for the financial year and a total net deficit of \$876,558 against a targeted net deficit of \$1,196,000.

The bulk of the Quality Agency's revenue producing activities are cyclical in nature following a pattern of high, medium and low activity over a three-year period. The 2016-17 financial year represents a period of low activity relative to the medium activity of the prior year.

### Operating revenue

The total operating income was \$35,828,523 and consisted of the following:

- ✓ Government appropriations of \$28,317,000;
- ✓ Sale of goods and rendering of services of \$7,381,266; and
- ✓ Other revenue of \$130,257.

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### Operating expenses

Total operating expenses were \$36,705,082 and consisted of:

- ✓ Employee benefits of \$22,961,524;
- ✓ Supplier expenses of \$12,845,560;
- ✓ Depreciation and amortisation of \$878,605; and
- ✓ Finance and other costs of \$19,393.

### Balance sheet

#### Net asset position

The net assets at 30 June 2017 were \$18,563,996 (30 June 2016: \$18,245,434).

#### Total assets

Total assets at 30 June 2017 were \$30,792,849 (30 June 2016: \$28,187,159).

Cash at bank decreased by \$18,161,068 largely due to a return of the cash reserves received from the previous Aged Care Standards and Accreditation Agency Ltd to the Official Public Account during the course of the year.

Trade and other receivables increased by \$20,046,906 reflecting an increase in undrawn departmental appropriations of \$1,534,400 and an equity injection of \$18,496,000 received during the year.

#### Total liabilities

Total liabilities at 30 June 2017 were \$12,228,854 (30 June 2016: \$9,941,725).

The difference is mainly due to an increase in suppliers of \$783,262; an increase in unearned revenue of \$1,671,188 and a decrease in employee provisions of \$185,078 as a consequence of a number of redundancies during the year and the release of excess provision from prior years.

### Purchasing

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

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

# BETTER PRACTICE AWARDS – A WINNER’S STORY

## Maintaining mature mouths utilising TeleDentistry

*Darling Downs Hospital and Health Service - Rural Aged Care Facilities, Qld*

An integrated approach is between DDHHS’ Oral Health Clinic (OHC), Telehealth team, four aged care homes, as well as residents and their families. TeleDentistry has allowed residents to receive optimal dental care while remaining in their own surroundings and eliminated the need for frail residents to be transported to the oral health clinic via ambulance with a nurse escort.

Maintaining Mature Mouths utilising TeleDentistry is an innovative model of care enabling Darling Downs Hospital and Health Service’s (DDHHS) Residential Aged Care Facility (RACF) residents to have oral checks and dental reviews via a live streaming videoconference appointment with a dentist.

The Oral Health Therapist, with the support of a Registered Nurse, uses an inline flexi scope camera with an intra-oral probe attached, to provide a real time live feed. From their office in Toowoomba, the Dentist can direct the Oral Health Therapist to locate the probe into the resident’s mouth for examination.



# 2

## ANNUAL PERFORMANCE STATEMENT 2016-2017

This part of the report provides a detailed assessment of our performance during the year and how it contributed to achieving our portfolio outcomes and corporate goals

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# OUR OUTCOME AND PROGRAM STRUCTURE

This section covers the Quality Agency's performance on the outcome and program's framework and performance information set out in the Portfolio Budget Statements 2016-2017.

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which Government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

The Quality Agency is responsible for a single Government outcome as described below with its related program and the performance indicators and targets used to assess and monitor its performance in achieving the outcome.

## Outcome 1

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

### Outcome 1 strategy

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

The Australian Government is also committed to providing high quality care for older people in the community. It achieves this through the quality review of aged care services provided in the community against the Home Care Standards set out in the Quality of Care Principles made under section 96-1 of the Aged Care Act 1997. The Quality Agency became responsible for this function on 1 July 2014.

## 2. PERFORMANCE REPORTING

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

### **Outcome expense statement**

Refer to the Annual Financial Statements in Section 5.

## PORTFOLIO OUTCOME BUDGET STATEMENT 2016-17

	Target	Achieved	Comment
<b>A. Managing accreditation of Residential Aged Care services</b>			
<b>Qualitative performance criteria</b>			
<p>A report capturing the audit findings of the experience of care for consumers is published on AACQA's website to support consumer choice about Residential Aged Care services.</p> <p>Development and implementation of a computer-assisted audit tool enabling the capture of residential aged care accreditation audit information to enhance reporting, case management and regulatory intelligence.</p>	<p>Publication of a consumer focused report for each accreditation audit by 1 January 2017.</p> <p>Implementation of the computer-assisted tool by 1 January 2017.</p>		<p>With the approval of the Minister, the target was revised to 30 June 2017. We commenced publication of the Consumer Experience Report from 23 June 2017.</p> <p>The computer-assisted audit tool was implemented in March 2017 and officially launched by the Hon. Ken Wyatt AM, MP Minister for Aged Care on 27 June 2017.</p>
<b>Quantitative performance criteria</b>			
Number of Residential Aged Care services audited for re-accreditation	443	472	
Percentage of site audits completed within statutory timeframes.	100%	100%	
Percentage of Residential Aged Care services that complied with all 44 of the expected outcomes of the Accreditation Standards at the last accreditation audit	>97%	95.3%	Out of 493 decisions made, 23 Residential Aged Care services did not comply with all 44 of the expected outcomes.
Percentage of Residential Aged Care services that received the maximum term of accreditation.	>97%	98.2%	2,629 of 2,677 Residential Aged Care services have a maximum CH, 3 or 5 year accreditation periods.

## 2. PERFORMANCE REPORTING

B. Managing review of the quality of care in the home services			
Quantitative performance criteria			
Number of Home Care services receiving a quality review within the three year cycle.	870	746	There are fewer services in 2016-17 that required quality review due to mergers and fewer stand-alone Victoria HACC services.
Percentage of quality reviews of Home Care services completed within statutory timeframes.	100%	95.1%	714 of 751 quality review decisions were made within timeframes, 37 were made outside timeframes due to resource constraints.
Percentage of Home Care services that complied with all the Home Care Standards at the quality review.	>80%	86.0%	106 Home Care services of 756 did not meet the standards when the first decision was made.
C. Monitoring compliance with applicable standards			
Quantitative performance criteria			
Number of unannounced visits per aged care home per year	≥1	1.08	All services received an unannounced visit during the year.
Percentage of Residential Aged Care services achieving compliance by the end of the 'timetable for improvement' (TFI) period.	≥96%	88.9%	7 of 87 Residential Aged Care services that had a TFI expiry during the period did not resolve their not met expected outcomes.
Percentage of Home Care services achieving compliance by the end of the 'timetable for improvement' period.	≥80%	80.8%	20 Home Care services that had a TFI Expiry during the period did not resolve their 'not met expected outcomes'.
D. Providing information, education and training to promote quality, innovation and continuous improvement of aged care services			
Quantitative performance criteria			
Number of education sessions delivered to approved providers on the applicable standards for aged care services.	540	620	The Quality Agency met this target.

## 2016-17 CORPORATE PLAN

Strategic objective	Performance measure	Achievements
<b>1: Our regulatory approach prioritises safety and quality outcomes for care recipients</b>		
We will strengthen staff core skills and capabilities in performance assessment including evidence collection, administrative decision making and relationship management across the sector.	We perform successfully against the Regulatory Performance Framework indicators.	Our Professional Development program for Quality Surveyors focussed on evidence gathering against the standards and statutory decision making.
Greater targeting of compliance assistance to support service provider performance.		In 2016-17 the Quality Agency changed its compliance assistance priorities to ensure that those services most in need received support on the accreditation requirements and continuous improvement of services.
We will begin the process of mapping out high risk and known areas of sector underperformance.	Risk-based resource allocation model which prioritises safety and quality.	External advice was commissioned to assist us in developing of our risk based approach. Work has commenced on implementing the new risk based resource model
We will commence the delivery of an annual program of targeted campaigns to improve sector performance in known areas of underperformance.	Our education and training programs focus on safety and quality priorities.	Unannounced visits in 2016-17 focussed on the most frequently identified failures against the Accreditation Standards. The Better Practice Conference program design addressed areas such as elder abuse and open disclosure.
We will give greater prominence in our site audit reports to consumer views on quality of care including their perception of risk.		The Quality Agency developed and introduced a set of structured questions to our interviews of consumers during site audits. The feedback received is now reported in a Consumer Experience Report published on our website.

## 2. PERFORMANCE REPORTING

<p>Provide evidence-based education in line with world's best practice.</p>	<p>Incorporate world's best practice accreditation approaches, work with and learn from the International Society for Quality in Healthcare (ISQua)</p>	<p>We have implemented the actions identified through the ISQua accreditation of our quality surveyor training program.</p>
<p>Develop a framework of critical safety quality practices for Home Care services.</p>		<p>The Quality Agency has identified the most frequent areas for risk in Home Care, and has developed a risk matrix for new Home Care services. The Quality Agency has analysed the compliance data to profile performance in Home Care services</p>
<p><b>2: Together, with our co-regulators, we ensure consistent, holistic outcomes for care recipients</b></p>		
<p>We will establish and/or strengthen our MOUs with our co-regulators to facilitate effective and timely exchange of information and data so our responses to any incident or event affecting the safety, health or wellbeing of a care recipient are co-ordinated.</p>	<p>Our Memorandums of Understanding (MOU) with Aged Care Complaints Commissioner and the Department of Health facilitate the exchange of regulatory intelligence, data and communications affecting safety, health and wellbeing of care recipients and which supports quality of care outcomes.</p>	<p>MOUs were finalised with the Department of Health (DoH) and Aged Care Complaints Commissioner (ACCC) and are published on our website. This has resulted in increased data sharing and regulatory intelligence to inform our regulatory activities.</p>
<p>We will work with our co-regulators to identify areas of poor performance in the aged care sector and develop joint strategies to manage these.</p>	<p>Outcomes which provide consistent, coherent benefits for stakeholders, particularly aged care recipients.</p>	<p>The Quality Agency participated in a facilitated workshop with DoH and ACCC to identify gaps and areas for improvement in sharing of information related to service provider risks.</p> <p>There is an ongoing Services of Concern meeting with DoH and ACCC to review high risk services .</p>

## 2. PERFORMANCE REPORTING

<p>We will ensure that our MOUs contain specific reference to data exchange needs around regulation of Home Care services and enable us to work together to effectively manage this dynamic sector of aged care services.</p>		<p>The Quality Agency incorporated Increasing Choice in Home Care data exchange into our MOU with DoH.</p>
<p><b>3: We inform consumer choice</b></p>		
<p>We will commence publishing site audit reports that give prominence to the information we receive from care recipients and their representatives about their care choices and preferences.</p>	<p>Results of consumer surveys show that our information is being used to understand quality and choice of aged care services.</p> <p>Requests for wider use and re-publication of our information.</p> <p>We identify instances where our information has been used to drive consumer focused initiatives by the industry.</p>	<p>The Quality Agency developed and introduced a set of structured questions to our interviews of consumers during site audits. The feedback received is now reported in a Consumer Experience Report published on our website.</p>
<p>We will undertake research and publish information about the drivers for consumer choice of aged care services, both in residential and Home Care services.</p>	<p>A report capturing the trends of audit findings is published on the Quality Agency's website to support consumer choice about residential aged care.</p> <p>Development and implementation of a computer-assisted auditing tool (CAAT) enabling the capture of Residential Aged Care accreditation audit information to enhance reporting, case management and regulatory intelligence.</p>	<p>The Quality Agency engaged Sydney University to undertake a literature review and commissioned consumer focus groups to determine what was important to them in choosing an aged care service.</p> <p>The Quality Agency then developed a set of structured questions to our interviews of consumers during site audits of Residential Aged Care services. The feedback received is now reported in a Consumer Experience Report published on our website. We are exploring options to expand the Consumer Experience Report to Home Care services.</p> <p>The Quality Agency has implemented an electronic data collection tool (Computer-assisted Audit Tool) to strengthen regulatory intelligence and collection of performance information in aged care settings.</p>

## 2. PERFORMANCE REPORTING

Map and implement a Stakeholder Engagement Strategy for Residential Aged Care services and Home Care aged care services.		The Quality Agency has introduced a Stakeholder Engagement system to better manage our communications with the sector
<b>4: We meet Government expectations</b>		
Focus on strengthening core business and operational skills in evidence collection, administrative decision making, performance management and organisational governance in the assessor continuing professional development program.	Our knowledge assets, people and processes support a less than 1% rate of our administrative decisions being corrected on challenge.  All staff are qualified, and undergo appropriate training in line with legislative requirements.	The Quality Agency has implemented an electronic data collection tool (Computer-assisted Audit Tool) to strengthen regulatory intelligence and collection of performance information in aged care settings. New Quality Surveyor training was implemented to develop core skills and support our regulatory objectives.
Commence reviewing our business processes and systems which support core business including registration processes of assessors, and our activity schedule software so that they support efficient operations.	Independent evaluations confirm that our infrastructure and business processes are mature, flexible and agile.	The Quality Agency commenced the upgrade of its information systems to support business operations. Our business policies and procedures were reviewed and independently audited against the ISQua standards.
Deliver key strategic projects such as the Computer-assisted Audit Tool and Better Business Program upgrade in order to support critical business outcomes of safety and quality for care recipients.	Number of times that we have been able to successfully respond to changes in our environment including government policy initiatives, emerging developments in the aged care sector. We have efficient systems for capture of data and other information which enables us to manage our operating environment and respond to changes.	The Quality Agency implemented the Computer-assisted Audit Tool and it is now embedded in our practice. The Better Business Program upgrade is ongoing and will be delivered in 2017-18.
Develop a four-year business plan across Human Resources (HR), Information Technology (IT) and Finance which sets out a roadmap for planning and investment in our organisational capability.		Business unit plans are in place across HR, IT and Finance.

## 2. PERFORMANCE REPORTING

<p>Develop a regulator management plan for the Home Care sector including through developing a stakeholder engagement strategy, undertaking research and consumer consultation processes and developing a risk assessment framework for this service sector.</p>	<p>Stakeholder surveys, feedback and the use of our ideas, information and recommendations show that we have a respected presence in the development of Quality Standards and operational policies.</p> <p>Number of times we are requested to provide expertise and input into proposed initiatives by external stakeholders.</p>	<p>The Quality Agency has implemented its stakeholder engagement system to support engagement across the sector. The Quality Agency has developed a risk matrix for new entrants into the Home Care sector, and developed self-assessment and other resources on our website.</p>
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# ENTITY RESOURCE STATEMENT 2016-17

**Table 7: Entity Resource Statement 2016-2017**

	Actual available appropriation 2016-17 \$'000 (A)	Payments made 2016-17 \$'000 (B)	Balance remaining 2016-17 \$'000 (A) - (B)
<b>Ordinary annual services</b>			
Departmental appropriation			
Prior year departmental appropriation	3,469	3,469	-
Prior year departmental capital budget	635	635	-
Departmental appropriation <i>Note 1</i>	28,317	22,679	5,638
Departmental capital budget <i>Note 2</i>	1,195	1,195	-
S74 Retained revenue receipts <i>Note 3</i>	9,324	9,324	-
<b>Total ordinary annual services</b>	<b>42,940</b>	<b>37,302</b>	<b>5,638</b>
<b>Other Services</b>			
Departmental non-operating			
Equity injection <i>Note 4</i>	18,496	-	18,496
<b>Total other</b>	<b>18,496</b>	<b>-</b>	<b>18,496</b>
<b>Total ordinary annual and other services</b>	<b>61,436</b>	<b>37,302</b>	<b>24,134</b>

*Note 1 - Appropriation Act (No.1) 2016-17.*

*Note 2 - For accounting purposes this amount has been designated as 'contributions by owners'.*

*Note 3 - Retained revenue receipts under S74 of the Public Governance, Performance and Accountability Act 2013.*

*Note 4 - Appropriation Act (No.4) 2016-2017*

# BETTER PRACTICE AWARDS – A WINNER’S STORY

## Uniting Caroon Jarman Goonellabah, Goonellabah, NSW

The service was experiencing difficulty attracting and recruiting the “right” staff, staff who were truly committed to connecting with residents and supporting them to live meaningful lives. Residents need people with the “right” attitude to work in the home.

A revamp of our recruitment process was thought to be the best place to start to help us to recruit staff with potential to flourish in the service and enhance the lives of the people who live there. How could we do this if the people who live in the home were not involved in the recruitment process?

Residents of the service now actively participate as panel members in the interview. We have increased emphasis on personality and with residents and staff have revised the interview questions to reflect this. We had to start with defining the “right” staff member according to the people we serve.

Adding a personality test to the process is a start. Revising the interview questions and adding all stakeholders on the interview panel stepped it up.





# 3

## MANAGEMENT AND ACCOUNTABILITY

We have a range of measures in place to meet our commitment to be publicly accountable for our actions and provide a safe and rewarding environment for our staff. This part of the report details our corporate governance arrangements, organisational structure and people, and describes the initiatives we take to engage effectively with the aged care sector.

Corporate Governance.....	58
Workforce planning, staff retention and turnover.....	68

## CORPORATE GOVERNANCE

The Quality Agency's governance framework provides the context within which we operate to achieve our objectives, ensuring transparent, ethical and accountable evidence-based decision making, and effectively managing risk and key stakeholder relationships.

### Executive Leadership Team

The Executive Leadership Team meets monthly and provides strategic, whole-of-organisation leadership to the Quality Agency to ensure effective decision-making, management and oversight of its operations and performance.

The Executive Leadership Team consists of the CEO, three Executive Directors and the Executive Manager of the Office of the CEO. The biographies of the Executive Directors can be found in the section on Management and Accountability, on page 63.

### Audit Committee

The Audit and Risk Committee comprises three members; two of whom are independent external members, including the Chair, and one internal member. It provides independent advice and assurance to the CEO on the appropriateness of the Quality Agency's accountability and control framework, including independently verifying and safeguarding the integrity of financial and performance reporting.

The Committee met six times in 2016-17.

### Aged Care Quality Advisory Council

The Aged Care Quality Advisory Council (Advisory Council) is authorised under the *Australian Aged Care Quality Agency Act 2013*. Its members are appointed by the Minister for Aged Care.

The Advisory Council consists of a chair and 9 members and met 4 times in 2016-17.

The Advisory Council's functions are:

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

## Enabling legislation

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

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

- ✔ to accredit residential care services in accordance with the Quality Agency Principles, and the Accreditation Standards made under the *Aged Care Act 1997*
- ✔ to conduct the quality review of Home Care services in accordance with the Quality Agency Principles 2013, and the Home Care Standards made under the *Aged Care Act 1997*
- ✔ to register quality assessors of residential and Home Care services in accordance with the Quality Agency Principles 2013
- ✔ to advise the Secretary of the Department of Health about aged care services that do not meet the Accreditation Standards or the Home Care Standards
- ✔ to promote high quality care, innovation in quality management and continuous improvement amongst approved providers of aged care
- ✔ to provide information, education and training to approved providers of aged care in accordance with the Quality Agency Principles 2013
- ✔ such other functions as are conferred on the CEO by this Act, the *Aged Care Act 1997* or any other Commonwealth law
- ✔ such other functions (if any) as are specified by the Minister by legislative instrument
- ✔ to do anything incidental to or conducive to the performance of any of the above functions.

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

### 3. MANAGEMENT AND ACCOUNTABILITY

#### Portfolio structure

We are a portfolio body in the Health portfolio.  
Mr Nick Ryan is the Chief Executive Officer.

#### Responsible ministers

For the reporting period the responsible Ministers were:

- ✔ The Minister for Health, Aged Care and Sport, Senator the Hon Sussan Ley MP from 1 July 2016.
- ✔ The Hon Ken Wyatt AM, MP, Minister for Aged Care and Minister for Indigenous Health, was the responsible Minister from 18 January 2017.

#### Aged Care Quality Advisory Council

The Aged Care Quality Advisory Council (Advisory Council) is established under Part 4 of the Act to provide advice to the Minister and the Chief Executive Officer (CEO) in relation to the functions of the CEO as specified in the Act.

The Advisory Council meets a minimum of four times per year.

The members of the Advisory Council were:

- ✔ Ms Andrea Coote (Chair);
- ✔ Ms Carol Bennett;
- ✔ Dr Matthew Cullen;
- ✔ Dr Dorothy Jones;
- ✔ Dr Stephen Judd;
- ✔ Mr Paul Sadler;
- ✔ Mr Ian Yates AM;
- ✔ Ms Fiona Buffinton (ex-officio) Department of Health;
- ✔ Ms Rae Lamb (ex-officio) Aged Care Complaints Commissioner;
- ✔ Mr Nick Ryan (ex-officio) Australian Aged Care Quality Agency.

### 3. MANAGEMENT AND ACCOUNTABILITY

The Quality Agency and the Aged Care Quality Advisory Council would like to acknowledge the contribution of Ms Carol Bennett during her appointment to the Aged Care Quality Advisory Council. Ms Bennett was appointed in February 2016 as an inaugural member of the Advisory Council in 2015 and offered significant input during this time. Ms Bennett resigned from the Advisory Council in July 2017.

## OUR VISION

Older Australians have quality care choices that enhance their lives

## OUR MISSION

Our programs and service provide assurance and enable high quality care and innovation

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## OUR WORK

We manage the accreditation of approximately 2,700 Residential Aged Care services

We monitor compliance with the Accreditation Standards and support Residential Aged Care services to attain full compliance with the standards

We review quality of aged care to older people in the community by undertaking quality reviews of services

We promote quality care through developing and delivering targeted information, resources and education services for community and Residential Aged Care services

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## HOW WE WORK

### IMPARTIAL

We are apolitical and provide the Government with advice that is frank, honest, timely and based on available evidence.

### COMMITTED TO SERVICE

We are professional, objective, innovative and efficient, and work collaboratively to achieve the best results for the Australian community and the Government.

### ACCOUNTABLE

We are open and accountable to the Australian community under the law and within the framework of Ministerial responsibility and act fairly in our dealings with others.

### RESPECTFUL

We respect all people, including their rights and their heritage.

### ETHICAL

We demonstrate leadership, are trustworthy, and act with integrity, in all that we do.

### 3. MANAGEMENT AND ACCOUNTABILITY

## Executive team

The executive team is responsible for the overall management of the Quality Agency's assessment of aged care services provided to the community and our day-to-day operations. Their leadership helps to ensure that the day-to-day work of the Quality Agency meets its strategic objectives.

## NICK RYAN

### Chief Executive Officer

Nick Ryan was appointed in April 2014 as the Chief Executive Officer of the Australian Aged Care Quality Agency.

Mr Ryan has extensive experience in public administration specialising in central agency functions, human services and stakeholder engagement. He was a senior executive in the Queensland Government from 1998 to 2010.

From 2010 to 2013 he was CEO of Leading Age Services Australia – Queensland. Mr Ryan has also worked as a secondary and tertiary educator.

Mr Ryan has significant corporate governance experience in government, education, NFP and church sectors. He is currently a Board Member of the Australian Children's Education and Care Quality Authority. He is also a Fellow of the Australian Institute of Company Directors.

Mr Ryan holds a Bachelor of Theology (MCD), a Graduate Diploma in Education (UC) and Graduate Diploma in Corporate Governance and Strategy (AICD).



## ANN WUNSCH

### Executive Director Operations

Ann Wunsch has held a number of roles over the past 10 years at the Quality Agency and its predecessor, the Accreditation Agency, including most recently, General Manager of the Education Division, and General Manager of the Operations Division.



### 3. MANAGEMENT AND ACCOUNTABILITY

Prior to joining the Accreditation Agency in 2005, Ms Wunsch worked in the disability services sector in NSW for over 20 years in a range of roles from management of services in non-government agencies, serving on non-governments boards of management, providing policy advice to the NSW Government and working within regulatory environments.

Ms Wunsch also served as a part-time member of the NSW Administrative Appeals Tribunal, in the Guardianship and Protected Estates division for 10 years.

Ms Wunsch has been an ISQua surveyor since 2010 and currently represents the Quality Agency on the ISQua Accreditation Council.

Ms Wunsch holds an Arts degree from the University of Sydney.

#### **Role**

The Operations Branch is responsible for the effective delivery of accreditation including case management of service providers, Home Care reviews and education programs and services. This Branch provides the overall leadership and management of approximately 220 staff including State Directors. Operations Branch provides negotiation and facilitates key relationships with State and Territory Governments, consultation with other key stakeholders and participation in industry forums and working groups.

## CHRISTINA BOLGER

### **Executive Director Programs and Education**

Christina Bolger brings a wealth of experience having held leadership roles in the APS across policy, regulation and service delivery.

Ms Bolger previously worked at Comcare, the Commonwealth statutory authority for Work Health and Safety and Workers' Compensation. She has led design and delivery of regulatory programs with a national reach to public and private sector workplaces. Ms Bolger has a strong history of collaboration with duty holders to understand problems and better equip industry to address them through access to the right education, information and promotion of



### 3. MANAGEMENT AND ACCOUNTABILITY

innovation in practice.

Ms Bolger has a Bachelor of Applied Science (Physiotherapy), a Bachelor of Arts (ANU) and a Masters in Public Administration (ANZSOG, ANU).

#### Role

The Executive Director Programs and Education's role is to promote continuous improvement in the quality of care and services through:

- ✔ improved regulatory performance through the Quality Agency's policy frameworks, quality assurance and registration of quality assessors;
- ✔ delivery of the Quality Agency's information, education and better practice programmes to providers of aged care services;
- ✔ leading the Agency's work to support the government's aged care reforms.

## CHARLES GRADY

### Executive Director Corporate Services and Strategy

Charles Grady graduated from Bond University with a Bachelor of Commerce degree in Finance and Economics. He has worked in State and Federal government and has significant experience delivering corporate services, strategic and operational planning within the public sector context. For the past three years, Charles has been involved in various roles within the Quality Agency as the Executive Manager, Office of the CEO. Charles' vision is to lead and deliver exceptional corporate services that enable efficient and seamless delivery of Quality Agency business.



#### Role

The Corporate Services and Strategy Branch is responsible for ensuring the Quality Agency has effective capability to undertake its mandated legislative responsibilities and that it also acts as an accountable Australian Public Service Agency. The key focus of the Corporate Services and Strategy Branch is to ensure effective cross-Agency co-ordination and partnership with other branches to deliver on its strategic priorities.

### 3. MANAGEMENT AND ACCOUNTABILITY

## Organisational structure

The Chief Executive Officer, Mr Nick Ryan, is supported by three Executive Directors: Executive Director Corporate Services and Strategy, Mr Charles Grady; Executive Director Programs and Education Ms Christina Bolger; and Executive Director Operations Ms Ann Wunsch.

The Executives meet monthly to review operational and financial performance, and monitor the Quality Agency's performance and progress against its corporate and operational plans.



## State Operations



## Governance structure

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

### 3. MANAGEMENT AND ACCOUNTABILITY

The CEO has the power to delegate all or any of the CEO's functions and powers to a member of the staff of the Quality Agency. The CEO has established an internal Leadership Team to assist in ensuring effective operational governance.

In accordance with the *PGPA Act 2013* the Quality Agency has an Audit Committee. The Audit Committee's function is to report to the CEO on matters relating to compliance with obligations under the *PGPA Act 2013*, any regulations and Finance Minister's Orders, providing a forum of communication between the Chief Executive, senior managers, internal auditors and the Auditor General. The focus of the Audit Committee includes review of the business continuity plan, risk management and fraud control.

Membership of the Audit Committee includes two external members and a senior Quality Agency manager.

We engage an external professional service firm to conduct internal audits on our financial functions. This is to ensure that appropriate systems and internal controls in place are working efficiently and effectively in order to satisfy the compliance requirements of the Act, the *PGPA Act 2013* and associated regulations. The internal auditor reports their findings to the Audit Committee.

In addition to the externally engaged internal auditor, with a commitment to quality assurance, the Quality and Standards team conducts quality audits of policies and procedures during regular periods of review. The results of these audits are published in the document management system maintained by the Quality Agency and reported to the CEO's office.

#### **Fraud control**

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

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

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

### 3. MANAGEMENT AND ACCOUNTABILITY

## Workforce planning, staff retention and turnover

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

As at 30 June 2017, our headcount was 247 of which 239 were full time equivalent.

Of the Quality Agency's 247 headcount, the average length of service is 6.5 years.

Seventy-nine percent of staff are female.

The Quality Agency's leadership roles range from EL1 to SES level and are held by 33 staff of which 64% are female and 36% are male staff.

Staff turnover reduced from the previous 12 months down from 23% (which included voluntary redundancies) to 10%. There were a total of 23 separations during the reporting year of which 12 (48%) were from our Quality Surveyor workforce.

As at 30 June 2017, our internal Quality Surveyor workforce accounts for 51% of the total Quality Agency headcount. This percentage will change in the coming months as we approach the increase of residential services seeking re-accreditation in 2018.

**Table 8: Workforce planning, staff retention and turnover**

Staff	Headcount	FTE
2016-17 Total	247	239
Ongoing	229	221.34
Non-ongoing	18	17.66
Agency head	1	1
SES	3	2
EL1 and 2	31	30.7
APS 1-6	213	205.3
Average Age	51	n/a
Average length of service in Agency (years)	6.5	n/a
Female (per cent)	79	n/a
Proportion Male (per cent)	21	n/a
Proportion Part-Time (per cent)	11	n/a
Staff Turnover*	9.72%	

### 3. MANAGEMENT AND ACCOUNTABILITY

**Table 9: Staff by classification/gender/location (FTE)**

Classification	Gender	Divisional Office	NSW	QLD	SA	TAS	VIC	WA	Totals
APS3	Female	9.0	4.7	4.0	2.4		3.0	2.4	25.5
	Male	3.0					1.4		4.4
APS4	Female	10.0	4.0	2.0			2.6		18.6
	Male	3.0		1.0			1.0		5.0
APS5	Female	5.6	2.0	1.0	8.0		3.0	1.0	20.6
	Male	2.0	2.0	1.0			2.0		7.0
APS6	Female	2.0	27.55	23.25	14.0	2.0	27.4	6.0	102.2
	Male	3.0	4.0	4.0			8.0	3.0	22.0
EL1	Female	5.7	2.0	2.0	1.0		1.0	1.0	12.7
	Male	4.0			1.0		1.0		6.0
EL2	Female	3.0	1.0	1.0	1.0		1.0		6.0
	Male	5.0						1.0	6.0
SES	Female	2.0							2.0
Agency head	Male	1.0							1.0
<b>2016-17 Total</b>		<b>58.3</b>	<b>47.25</b>	<b>40.25</b>	<b>25.4</b>	<b>2.0</b>	<b>51.4</b>	<b>14.4</b>	<b>239</b>

**Table 10: Workforce planning, staff retention and turnover**

Classification	Gender	Non-ongoing Full-time	Non-ongoing Part-time	Ongoing Full-time	Ongoing Part-time	Totals
APS3	Female			21	6	27
	Male	1		3	1	5
APS4	Female	2		16	1	19
	Male			5		5
APS5	Female	2		18	1	21
	Male	2		5		7
APS6	Female	2		90	15	107
	Male			22		22
EL1	Female	2	1	10		13
	Male	1		5		6
EL2	Female	2		4		6
	Male	3		3		6
SES	Female			2		2
Agency head	Male			1		1
<b>2016-17 Total</b>		<b>17</b>	<b>1</b>	<b>205</b>	<b>24</b>	<b>247</b>

### 3. MANAGEMENT AND ACCOUNTABILITY

## Workplace Arrangements

The Australian Aged Care Quality Agency staff voted up their Enterprise Agreement (EA) in December 2016 and the EA became operational in March 2017. Prior to the EA, the Quality Agency's terms and conditions of employment were held in a Section 24 determination. With the implementation of the EA the Quality Agency was able to move forward with the adoption of a common APS-wide classification system and salary progression matrix.

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

In the reporting period a total of 16.60% of staff accessed purchased additional annual leave and 83.81% of staff accessed healthy lifestyle reimbursement allowance.

## Recruitment

The Quality Agency has undergone two recruitment rounds in 2016-2017. As a result we have engaged 50 Quality Surveyors/Senior Quality Surveyors nationally.

**Table 11: Recruitment per state**

State	Quality Surveyors / Senior Quality Surveyors
NSW	9
SA	6
VIC	15
QLD	13
WA	6
TAS	1

We published advertisements in the Koori Mail newspaper three times in 2016-2017; targeting and welcoming applications of Aboriginal and Torres Strait Islander Australians.

## Salary ranges

The Quality Agency's Enterprise Agreement details the classification structure and salaries (Attachment A on page 26 of the document).

### 3. MANAGEMENT AND ACCOUNTABILITY

## Learning and development

We believe our staff are our greatest asset and hence continually develop and educate our staff. We identify individual job capabilities, functions and roles to effectively manage the Quality Agency's business. Our aim is to have a dynamic and educated workforce that meets our workforce capability requirements now and into the future.

We have continued to provide a wide range of learning and development opportunities to all staff. In early 2017, "Leadership at work" workshops were conducted in the national office. The learning covered leadership of self, leadership with others and leadership challenges. The participants from a variety of functions interacted, discussed and learned how to practice leadership in their real work environment.

We continue to use Learnhub as a core learning platform for induction of the new starters. All new staff are required to complete mandatory learning modules including 'APS values and principles', 'Quality Agency workplace health and safety', 'Bullying and harassment', 'Security, Privacy awareness and Culture awareness.

Employees' pursuit of professional qualification continues to be supported. In 2016-2017, seven staff accessed study assistance and/ or study leave, and 18 days of study leave were recorded. There are 24 Learning and Development requests that have been approved for individuals to participate in external learning events, including workshops, courses and conferences.

## Carer Reporting

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

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

The Quality Agency actively supports a work-life balance for staff in the workplace. It is well documented that providing flexibility in the workplace increases employee satisfaction and engagement and reduces sick leave, absenteeism and staff turnover. Our agency supports the access of carers leave from both female and male carers of immediate family members or household members.

In the 2016-2017 financial year, 46% of our staff, of which 10% were males, accessed carers leave. There was a total of 403 days taken as carers leave where 80 of those days were taken by males. The Quality Agency will continue to foster an organisational culture in which carers are encouraged and supported.

### 3. MANAGEMENT AND ACCOUNTABILITY

#### Disability reporting

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

The *Commonwealth Disability Strategy* has been overtaken by a new 2010-2020 National Disability Strategy which sets out a ten year national policy framework to improve the lives of people with disability, promote participation and create a more inclusive society. A high level two-yearly report will track progress against each of the six outcome areas of the Strategy and present a picture of how people are faring. The first of these reports will be available at [www.dss.gov.au](http://www.dss.gov.au).

#### CEO Newsletter

The *Message from the CEO* is an internal communication for staff from Chief Executive Officer Nick Ryan. In 2016-2017, 24 newsletters were sent to staff nationwide.

The *Message from the CEO* contains important information relevant for all staff, including the latest accreditation news, upcoming events and current issues. The *Message from the CEO* is part of our commitment to strong internal communications.

#### Work Health and Safety

The workers' compensation scheme contained in the *Safety, Rehabilitation and Compensation Act 1988* (SRC Act) governs employees of Commonwealth and ACT statutory authorities like the Quality Agency. The *SRC Act* provides rehabilitation and workers' compensation to employees covered by the scheme for a work related injury.

We are committed to providing and maintaining a safe and healthy workplace and meeting our responsibilities under the *SRC Act*. We have an early intervention system in place which provides support and injury management assistance for injured/ill employees as soon as possible after the injury/illness occurs. The injuries/illnesses could have been sustained at work or be a non-work related condition which is impacting the employee's ability to remain at or be engaged at work.

### 3. MANAGEMENT AND ACCOUNTABILITY

There were 16 early intervention cases lodged during this period, with one workers' compensation claim submitted. This workers' compensation claim resulted in 12 days lost due to the injury. This has provided us with a considerable saving in our workers compensation premium and has allowed us to manage each case in a timely manner, and more importantly facilitated an early return to work for our injured employees.

We have again run our annual flu vaccination program for all our employees. This year's provider has offered employees who were not able to attend the onsite vaccination the option to use a voucher to visit their local participating chemist at a time convenient for them to get vaccinated. This has worked well and has increased participation in the program.

#### Indigenous Reporting

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

Our staff can nominate as being either of Aboriginal or Torres Strait Islander origin and one staff member has done so.

#### Diversity

The diversity of our staff is very important to our Agency. We welcome and actively encourage applications from people with disability, and people with culturally and linguistically diverse backgrounds. All our employees are required to complete a mandatory online course in relation to Culture Awareness, which is a part of the induction for new starters as well.

We recognise the richness of Aboriginal and Torres Strait Islander cultures and the unique knowledge Aboriginal and Torres Strait Islander employees can bring to our workplace, policy development and service delivery.

Events have been organized to celebrate diversity, including:

- ✔ Mental Health Week;
- ✔ R U OK? day;
- ✔ International Day of People with a Disability;
- ✔ International Day against Homophobia, transphobia and Biphobia;
- ✔ Aboriginal and Torres Strait Islander cultures.

During the year, the Quality Agency recognised days of significance for Aboriginal and Torres Strait Islander peoples, including National Reconciliation Week and NAIDOC Week.

### 3. MANAGEMENT AND ACCOUNTABILITY

## Salary advancement

Our new Enterprise Agreement, which came into effect on 6 March 2017, provides for employees to receive annual salary advancement to the next salary point in a classification, subject to at least satisfactory performance.

We have an online performance planning and review system which facilitates the formal documentation of an employee's performance.

New and newly promoted employees can be considered for salary advancement if they have completed at least six months continuous satisfactory performance at the applicable classification band.

The first opportunity for salary advancement for existing employees will occur in the first full payroll cycle in January 2018.

## EXTERNAL SCRUTINY

As a non-corporate Commonwealth entity, we are subject to scrutiny by the Australian Parliament. Our activities may be subject to investigation or consideration by administrative agencies or the courts. Our operations are also reviewed by external entities such as the Australian National Audit Office (ANAO) and committees of the Australian Parliament.

We welcome external review as a means of confirming what we are doing well, and to identify ways to better meet our obligations and achieve our vision: World class aged care services driven by empowered consumers who enjoy the best possible quality of life.

### **Australian National Audit Office Independent Performance Audit in Indigenous Aged Care**

The Quality Agency provided input to an ANAO Indigenous Aged Care Report that was tabled in Parliament on 1 June 2017. The objective of the audit was to assess the effectiveness of Australian Government-funded aged care services delivered to Aboriginal and Torres Strait Islander people. The report concluded that the Department of Health and the Australian Aged Care Quality Agency have been largely effective in the administration of Australian Government-funded aged care services delivered to Aboriginal and Torres Strait Islander people.

## Office of the Australian Information Commissioner (OAIC) Decisions

In 2016-2017 the Information Commissioner made one decision on a freedom of information application on 28 February 2017. The Quality Agency addressed this with the FOI applicant.

## Regulator performance framework

The Australian Government's Regulator Performance Framework (RPF) encourages regulators to undertake their functions with minimum impact to achieve regulatory objectives and give businesses and the community confidence that regulators effectively and flexibly manage risk.

Under the terms of the RPF, the Quality Agency is required to self-assess and report against six key performance indicators each financial year. Our first Regulator Performance Self-assessment Report was published on the Department of Health and Quality Agency websites in December 2016. The self-assessment results were externally validated by the Aged Care Sector Committee and approved by the Department of Health prior to publication. The report highlighted that our overall performance against the key performance indicators is very good, but identified additional need for improvement in performance measurement during the 2016-17 reporting cycle. At the time of writing, we are engaging with the Department of Health Best Practice Regulation Branch on the 2016-17 report.

## Administrative review

During 2016-2017, the Quality Agency was not involved in any matters in the Federal Court.

There were also no applications made to the Administrative Appeals Tribunal for review of decisions of the CEO of the Quality Agency under the Quality Agency Principles 2013.

## Parliamentary accountability

On 30 May 2017 we were required to attend the Community Affairs Senate Estimate hearings.

During the reporting period we responded to four questions on notice and contributed to Department of Health questions on notice as requested.

## BETTER PRACTICE AWARDS – A WINNER’S STORY

### KinCare Health Services Pty Ltd, NSW

We wanted to understand whether technology could improve the social connectedness of older Australians at risk of social isolation.

Our model’s aim was to provide opportunities for older people to meet like-minded people, develop friendships, learn new skills and improve connections with family, friends and community through the use of technology. The technology, classes and community events provided the opportunity to bring people together, thereby reducing social isolation.

Our social technology model included a tablet device, data, social connection platform, coaching and IT support. We launched our model at a series of community events, during which participants had the opportunity to express interest and/or enrol in a trial of the model.

All participants received a home visit to set up, customise and introduce the device. This was supplemented by group and/or individual training sessions and access to IT troubleshooting support.

During the individual and group training sessions, we applied continuous improvement strategies to adapt and enhance our products to meet the needs and expectations of customers. At the trial’s conclusion, participants reported a marked increase in their technology use for social connections.

This trial demonstrated that technology is an enabler, providing the opportunity to bring people together for shared learning and companionship.





# 4 OTHER ACCOUNTABILITY REPORTING

As a non-corporate Government entity, we are accountable to the Minister, the Parliament and the Australian people. This part of the report provides information to satisfy the reporting requirements of a range of Commonwealth legislation and Australian Government policies that relate to our performance.

## 4. OTHER ACCOUNTABILITY REPORTING

### ISQua accreditation

We strive to be a best practice regulator and ensure our accreditation framework is consistent with internationally recognised accreditation frameworks.

We are accredited by the International Society for Quality in Health Care (ISQua) under their Standards for External Evaluation Organisations, 4th Edition. ISQua assesses the standards of organisations that set the benchmarks in healthcare safety and quality.

It is the only organisation that specifically uses health and social care standards.

Our Quality Surveyor Training Program is accredited by ISQua against the ISQua Surveyor Training Programme Standards, 2nd Edition - <http://www.isqua.org/home>.

We participate in the ISQua International Accreditation Program as members of survey teams, surveying other accreditation organisations, standards and surveyor training programs.

As active members of the ISQua Accreditation Council we promote quality improvement in external evaluation programs through sharing and discussion with accreditation bodies across Australia and internationally, and researching evidence based external evaluation practice.

We participate in the ISQua International Accreditation Program as members of survey teams, surveying other accreditation organisations, standards and surveyor training programs.



### Advertising campaign statement

This was not applicable for the Quality Agency for the reporting period.

### Freedom of Information

Entities subject to the Freedom of Information Act 1982 (FOI Act) are required to publish information to the public as part of the Information Publication Scheme (IPS). This requirement is in Part II of the FOI Act and has replaced the former requirement to publish a section 8 statement in an annual report. Each agency must display on its website a plan showing what information it publishes in accordance with the IPS requirements.

## Corrections from previous annual report

There were no corrections in *2015-16 Annual Report*.

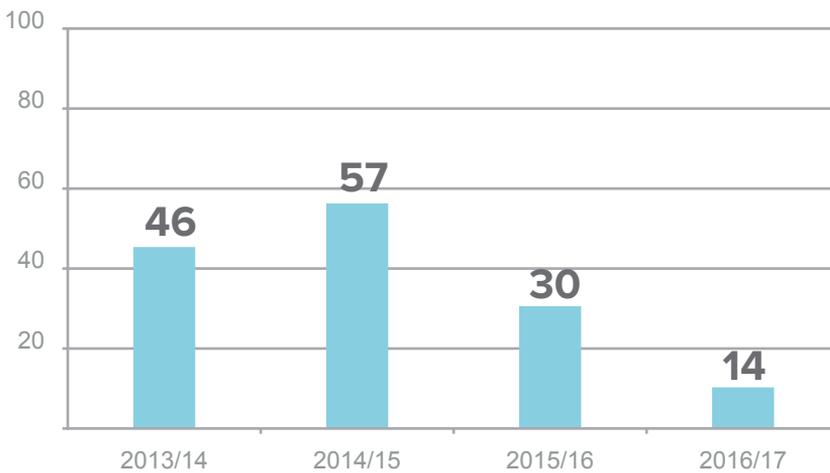
## Complaints and feedback

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

We received 14 complaints during the year, compared with 30 the previous financial year. We closed 15 complaints during 2016-17 which included three complaints received in 2015-16.

We are committed to providing a finalised written response within 28 days. On some occasions complaints are complex and require a more thorough investigation. When this is not possible we keep the complainant informed about progress.

Complaints are analysed to identify process improvement opportunities and to inform our learning and development programs.



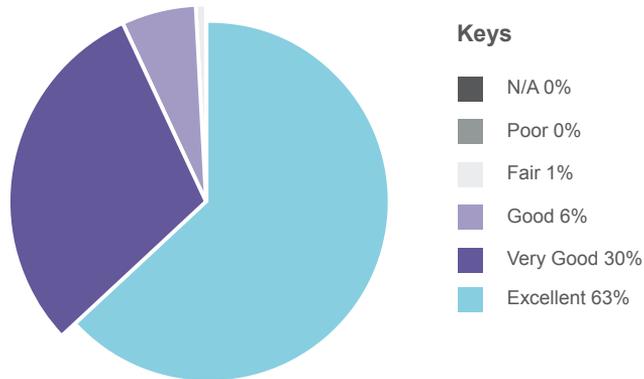
## FEEDBACK

As part of our regulatory performance framework we seek to understand how effective we have been in our assessment activities.

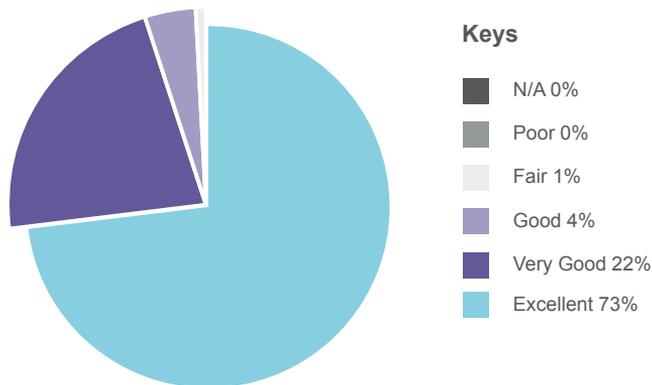
This includes clear communication, not unnecessarily impeding the operations of the service and our understanding of the service environment.

## Feedback ratings from 1 July 2016 – 30 June 2017

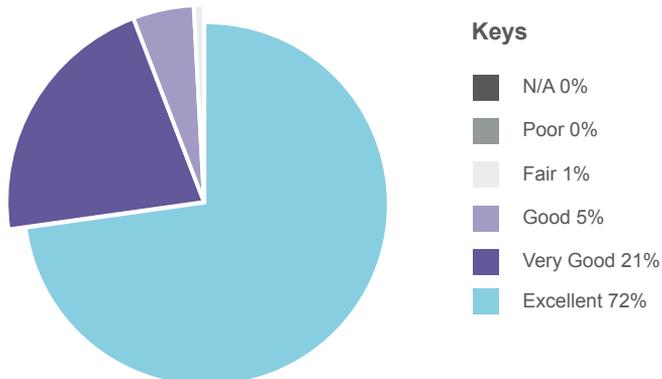
Rating – Not unnecessarily impeding the service's operations



Rating – The assessment team's performance



Rating – The team's knowledge and understanding of the aged care service environment



## 4. OTHER ACCOUNTABILITY REPORTING

### Comcover Insurance

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

### Better Business Program (BBP) upgrade

BBP is an integrated information management system. Last year we added information about services providing Home Care and flexi care into BBP. BBP's infrastructure was updated in 2008 and since then we have completed minor updates to BBP and its interfaces. With this additional information, we scoped a major BBP upgrade.

During the reporting year we commenced a major upgrade project to refresh BBP and enhance its security. Procurement took place and the upgrade of BBP will continue into 2017-2018.

### Commonwealth compliance projects

The Quality Agency continues to ensure various APS policies are complied with:

- ✔ Protective Security Policy Framework (PSPF) to ensure the Quality Agency's security complies with Commonwealth Security;
- ✔ Information and Record Management to ensure the Quality Agency complies with National Archives of Australia (NAA);
- ✔ Web Accessibility Guidelines 2.0 to ensure the Quality Agency complies with Digital Transformation Office (DTO).

### IT network

During the year, we achieved a number of IT initiatives to comply with the PSPF:

- ✔ Completed an IT security audit as a benchmark. Upgraded our Wide Area Network (WAN);
- ✔ Moved our computer services to a Government approved data centre;
- ✔ Upgraded our internet connection to meet Government security standards.

## 4. OTHER ACCOUNTABILITY REPORTING

### Ecologically sustainable development and environmental performance

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

We continued to promote a reduction in the use of resources and be a low impact operation during the reporting period. 'Where possible, we recycle paper, toner cartridges and use electronic communication where possible.

We are a tenant in a number of buildings where the building owner/ manager undertakes recycling of glass and other waste, and provides energy-efficient lighting and waste water systems. Our environmental sustainability objectives are:

- ✔ Reduce the Quality Agency's paper consumption and maintain consumption below 1 million sheets per annum. For the reporting period 2016-2017 we met that, with our paper consumption at **695,859** sheets;
- ✔ Reduce electricity consumption. Electricity consumption continues to be monitored and reviewed. National kilowatt consumption ranges between 280,000 and 300,000 per annum;
- ✔ Recycle all paper materials by continuing to supply recycling bins throughout the Quality Agency;
- ✔ Used toner cartridges are recycled through an external organisation. The money raised from these used toner cartridges was donated to the Breast Cancer Institute of Australia.

### Indigenous recognition

In 2016-2017 we undertook the following initiatives to promote recognition of Indigenous people and their needs in aged care:

- ✔ We invite a local elder to conduct 'Welcome to Country' at each Better Practice conference.
- ✔ We include a number of themes in every Better Practice conference that looks at quality of life in aged care for the Indigenous population and the experience of providing care in rural and remote areas in our concurrent sessions.
- ✔ We helped celebrate NAIDOC Week by raising awareness, through visual reminders including intranet and signature block logos for NAIDOC week, and held special gatherings with Indigenous guest speakers.

## 4. OTHER ACCOUNTABILITY REPORTING

We continue with the following:

- ✔ Cultural awareness training, already provided to assessors and reviewers, will be broadened across our organisation.
- ✔ Using our purchasing power to support Indigenous businesses. Our ‘Supporting Indigenous Procurement’ policy supports the whole-of-government initiative to use our purchasing power to support and help make sustainable Indigenous-owned businesses and employment.
- ✔ When we book accommodation, where reasonably possible, we support Indigenous-owned businesses, particularly now that we have more regional, rural and remote visits.
- ✔ The Quality Agency is a corporate member of Supply Nation and seeks to source goods and services through businesses registered with Supply Nation. Supply Nation is the Australian leader in supplier diversity, established in 2009 to connect members with Indigenous businesses across the country.
- ✔ Adelaide Office added to our list of indigenous suppliers, Urapuntja Health Service Aboriginal Corporation, supplier of accommodation for assessors.

## ASSESSMENT OF EFFECTIVENESS OF ASSETS MANAGEMENT

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

## PURCHASING

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

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

## 4. OTHER ACCOUNTABILITY REPORTING

### Consultancies

During 2016-2017 new consultancy contracts were entered into involving actual expenditure of \$106,895. One of these consultancy contracts is ongoing.

**Table 12**

	Number	Expenditure \$000's (GST Inclusive)
New consultancies let in current year	4	106.9
Ongoing active consultancies	1	87.3

The Quality Agency contracts providers of professional services after considering the skills and resources required for the task, internal capacity, and the cost-effectiveness of contracting an external service provider. The decision to engage a consultant is made in accordance with the *Public Governance, Performance and Accountability Act 2013 (PGPA Act)* and related regulations.

### Consultancy Trend Data

**Table 13**

	2014-15 <sup>1)</sup>	2015-16	2016-17
Consultancy expenditure \$000's	50.1	140.7	106.9
Number of contracts	1	4	4

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

### Australian National Audit Office Access Clauses

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

During 2016-17, no contracts were let that did not require the Auditor-General to have access to the contractor's premises.

## 4. OTHER ACCOUNTABILITY REPORTING

### Exempt Contracts

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

During 2016-2017, there were no contracts considered exempt from publication in AusTender.

### Procurement Initiatives to Support Small Businesses

We support small business participation in the Commonwealth Government procurement market wherever possible. Some small business providers are:

- ✔ Envision IT;
- ✔ Indigiearth; a member of Supply Nation;
- ✔ SALT Advertising Group.

Where whole of government travel requirements cannot be met due to remote locations, we seek to book accommodation with local small business accommodation venues.

In addition, whilst conducting our activities during the year we spent a third of our overnight accommodation expenditure in independent hotels.

The Quality Agency supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website.

### BETTER PRACTICE AWARDS – A WINNER’S STORY

#### Integratedliving Australia Muswellbrook, NSW

In 2013, the “Staying Strong” regional Telehealth Initiative delivered via a nurse-led model of care, commenced with older Aboriginal and Torres Strait Islander peoples in regional locations in NSW and Queensland.

The identified outcomes were to improve the health and wellbeing of Aboriginal and Torres Strait Islander people by providing access to telehealth monitoring either in the home or at a local community hub. Along with this was the adoption of an intergenerational arm of cultural activities that maintained older Aboriginal and Torres Strait Islanders connection to younger generations to ensure cultural awareness, continuity of story and respect for Aboriginal history and heritage.

Through strong consultation and collaboration with Aboriginal Medical Services and Aboriginal Health Centres, the project team was able to demonstrate cross-cultural competence and respect leading to successful outcomes in participant recruitment, retention, relationships and shared learning.

Quantitative and qualitative data collated indicated overall participant satisfaction in the use of telehealth equipment to monitor vital health signs, a reduction in the costs of service provision, an increase in evidence-based clinical reporting to medical practitioners and overall improvement in the quality of care and health outcomes for older Aboriginal and Torres Strait Islander people.



# 5

## FINANCIAL STATEMENTS



### INDEPENDENT AUDITOR'S REPORT

To the Minister for Aged Care

#### Opinion

In my opinion, the financial statements of the Australian Aged Care Quality Agency for the year ended 30 June 2017:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Australian Aged Care Quality Agency as at 30 June 2017 and its financial performance and cash flows for the year then ended.

The financial statements of the Australian Aged Care Quality Agency, which I have audited, comprise the following statements as at 30 June 2017 and for the year then ended:

- Statement by the Accountable Authority and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Notes to the financial statements, comprising a Summary of Significant Accounting Policies and other explanatory information.

#### Basis for Opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Australian Aged Care Quality Agency in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* to the extent that they are not in conflict with the *Auditor-General Act 1997* (the Code). I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Accountable Authority's Responsibility for the Financial Statements

As the Accountable Authority of the Australian Aged Care Quality Agency the Chief Executive is responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under that Act. The Chief Executive is also responsible for such internal control as the Chief Executive determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive is responsible for assessing the Australian Aged Care Quality Agency's ability to continue as a going concern, taking into account whether the entity's operations will cease as a result of an administrative restructure or for any other reason. The Chief Executive is also responsible for disclosing matters related to going concern as applicable and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

## 5. FINANCIAL STATEMENTS

### Auditor's Responsibilities for the Audit of the Financial Statements

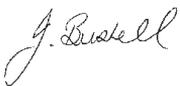
My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit 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;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office



Josephine Bushell  
Senior Director  
Delegate of the Auditor-General  
Canberra  
31 August 2017

## 5. FINANCIAL STATEMENTS



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

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

In our opinion the attached financial statements for the year ended 30 June 2017 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

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

A handwritten signature in black ink, appearing to read 'Nick Ryan'.

Nick Ryan.  
Accountable Authority

.....

31 August 2017

A handwritten signature in black ink, appearing to read 'Kevin Smith'.

Kevin Smith  
Director Finance (CFO)

.....

31 August 2017

## 5. FINANCIAL STATEMENTS

### Australian Aged Care Quality Agency

#### Statement of Comprehensive Income

For the year ended 30 June 2017

	Notes	2017 \$'000	2016 \$'000	Original Budget \$'000
<b>NET COST OF SERVICES</b>				
<b>Expenses</b>				
Employee benefits	2A	22,960	26,471	24,747
Suppliers	2B	12,846	11,604	10,463
Depreciation and amortisation	5B,5C	879	919	1,196
Finance costs		16	16	-
Losses from asset sales	2C	4	18	-
Total expenses		<b>36,705</b>	39,028	36,406
<b>Own-Source Income</b>				
Sale of goods and rendering of services	3A	7,382	10,264	6,893
Other revenue	3B	130	142	-
Total own-source income		<b>7,512</b>	10,406	6,893
Net cost of services		<b>(29,193)</b>	(28,622)	(29,513)
Revenue from Government	3C	28,317	27,842	28,317
Deficit on continuing operations		<b>(876)</b>	(780)	(1,196)

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

## Australian Aged Care Quality Agency

### Statement of Financial Position

As at 30 June 2017

	Notes	2017 \$'000	2016 \$'000	Original Budget \$'000
<b>ASSETS</b>				
<b>Financial assets</b>				
Cash and cash equivalents	4A	2,986	21,147	18,868
Trade and other receivables	4B	24,410	4,363	14,296
Total financial assets		27,396	25,510	33,164
<b>Non-financial assets</b>				
Property, plant and equipment	5A,5B	1,273	1,393	2,101
Intangibles	5C,5D	1,350	654	521
Prepayments	5F	774	630	-
Total non-financial assets		3,397	2,677	2,622
Total assets		30,793	28,187	35,786
<b>LIABILITIES</b>				
<b>Payables</b>				
Suppliers	6A	1,569	789	1,532
Unearned revenue	6B	3,752	2,081	3,805
Other payables	6C	127	124	-
Total payables		5,448	2,994	5,337
<b>Provisions</b>				
Employee provisions	12	6,483	6,668	10,041
Other provisions	7	298	280	306
Total provisions		6,781	6,948	10,347
Total liabilities		12,229	9,942	15,684
Net assets		18,564	18,245	20,102
<b>EQUITY</b>				
Contributed equity		18,084	16,889	3,380
Retained surplus		480	1,356	16,722
Total equity		18,564	18,245	20,102

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

## 5. FINANCIAL STATEMENTS

### Australian Aged Care Quality Agency

#### Statement of Changes in Equity

For the year ended 30 June 2017

	Notes	2017 \$'000	2016 \$'000	Original Budget \$'000
<b>Contributed equity</b>				
Opening balance as at 1 July		16,889	15,804	2,185
Distributions to owners:				
Return of reserves		(18,496)	-	-
Contributions by owners:				
Equity injection - Appropriations		18,496	-	-
Departmental capital budget		1,195	1,085	1,195
Total transactions with owners		1,195	1,085	1,195
Closing balance as at 30 June		18,084	16,889	3,380
<b>Retained earnings</b>				
Opening balance at 1 July		1,356	2,136	16,780
Deficit for the period	10	(876)	(780)	(1,196)
Restructuring		-	-	1,138
Closing balance as at 30 June		480	1,356	16,722
<b>Total Equity</b>		<b>18,564</b>	<b>18,245</b>	<b>20,102</b>

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

## Australian Aged Care Quality Agency

### Cash Flow Statement

For the year ended 30 June 2017

	Notes	2017 \$'000	2016 \$'000	Original Budget \$'000
<b>OPERATING ACTIVITIES</b>				
<b>Cash received</b>				
Appropriations		26,148	35,538	27,179
Sale of goods and rendering of services		9,294	7,203	6,580
Other		30	139	-
Net GST received		1,150	1,007	80
Total cash received		<u>36,622</u>	<u>43,887</u>	<u>33,839</u>
<b>Cash used</b>				
Employees		(23,070)	(29,603)	(24,747)
Suppliers		(13,572)	(14,093)	(9,325)
Other		(16)	(16)	(80)
Total cash used		<u>(36,658)</u>	<u>(43,712)</u>	<u>(34,152)</u>
Net cash (used by)/from operating activities	11	<u>(36)</u>	<u>175</u>	<u>(313)</u>
<b>INVESTING ACTIVITIES</b>				
<b>Cash received</b>				
Proceeds from sale of property, plant and equipment		-	2	-
Total cash received		<u>-</u>	<u>2</u>	<u>-</u>
<b>Cash used</b>				
Purchase of property, plant and equipment		(513)	(324)	(654)
Purchase of intangibles		(946)	(379)	(604)
Total cash used		<u>(1,459)</u>	<u>(703)</u>	<u>(1,258)</u>
Net cash used by investing activities		<u>(1,459)</u>	<u>(701)</u>	<u>(1,258)</u>
<b>FINANCING ACTIVITIES</b>				
<b>Cash received</b>				
Departmental capital budget		1,830	450	1,195
<b>Cash used</b>				
Return of reserves		(18,496)	-	-
Net cash (used by)/from financing activities		<u>(16,666)</u>	<u>450</u>	<u>1,195</u>
Net decrease in cash held		(18,161)	(76)	(376)
Cash at the beginning of the period		21,147	21,223	19,244
Cash at the end of the period	4A	<u>2,986</u>	<u>21,147</u>	<u>18,868</u>

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

# Australian Aged Care Quality Agency

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# Australian Aged Care Quality Agency

## Overview

### Objectives of Australian Aged Care Quality Agency

Australian Aged Care Quality Agency (Quality Agency) is a statutory agency established under the *Australian Aged Care Quality Agency Act 2013*. The Quality Agency is subject to the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

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

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

The Quality Agency is structured to meet one outcome:

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

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

### Basis of preparation of the financial statements

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

The financial statements have been prepared in accordance with:

- *Public Governance Performance and Accountability (Financial Reporting) Rule 2015* (FRR) for reporting periods ending on or after 1 July 2015; and
- Australian Accounting Standards and Interpretations - Reduced Reporting Requirements issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

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

The financial statements are presented in Australian dollars and values.

### New accounting standards

#### Adoption of new Australian accounting standards requirements

All new, revised, amending statements and/or interpretation that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect on the entity's financial statements.

## 5. FINANCIAL STATEMENTS

# Australian Aged Care Quality Agency

### **Taxation**

The Quality Agency is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

### **Events after the reporting period**

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

## 5. FINANCIAL STATEMENTS

# Australian Aged Care Quality Agency

### Note 1: Departmental budget commentary

Comments on significant variances between the Quality Agency's original budget estimates, as published in the 2016-17 Portfolio Budget Statements, and the actual expenditure and net assets for the year are provided in the table below.

Explanation of major variances	Affected line item
<p><b>Greater utilisation of contract assessors:</b> During the year the Quality Agency utilised a greater proportion of contract assessors in order to balance its workload than originally anticipated. This led to a reduction in the amounts paid as employee benefits and an increase in the amounts paid to suppliers. As a matter of course the Quality Agency uses contract assessors to help with accreditation requirements over the cycles of its activities.</p>	<p>Employee benefits - Statement of Comprehensive Income Suppliers - Statement of Comprehensive Income Cash used for employees - Cash Flow Statement Cash used for payment of suppliers - Cash Flow Statement</p>
<p><b>Depreciation and amortisation:</b> Capital expenditure was incurred later in the year than planned and this led to a saving in depreciation and amortisation against the budget.</p>	<p>Depreciation and amortisation - Statement of Comprehensive Income</p>
<p><b>Higher own-source income:</b> Timing of accreditation and higher volumes of education events and conferences.</p>	<p>Sale of goods and rendering of services - Statement of Comprehensive Income Trade and other receivables - Statement of Financial Position Cash received from the sale of goods - Cash Flow Statement</p>
<p><b>Return of reserves:</b> The cash reserves received from the previous Aged Care Standards and Accreditation Agency Ltd were returned to the official public account during the course of the year. This reduced the cash balance.</p>	<p>Cash - Statement of Financial Position Return of reserves - Cash Flow Statement</p>
<p><b>Equity injection:</b> An additional equity appropriation was received to fund the Quality Agency.</p>	<p>Trade and other receivables - Statement of Financial Position Equity injection - Appropriations - Statement of Changes in Equity</p>

## 5. FINANCIAL STATEMENTS

### Australian Aged Care Quality Agency

#### Financial Performance

This section analyses the financial performance of the Quality Agency for the year ended 30 June 2017.

	2017	2016
	\$'000	\$'000
<b>Note 2: Expenses</b>		
<b>Note 2A: Employee benefits</b>		
Wages and salaries	20,069	20,454
Superannuation:		
Defined contribution plans	2,470	2,921
Defined benefit plans	672	569
Leave and other entitlements	269	2,265
Separation and redundancies	(520)	262
Total employee benefits	<u>22,960</u>	<u>26,471</u>

#### Accounting Policy

Accounting policies for employee related expenses are contained in the People and Relationships section.

#### Note 2B: Suppliers

Goods and services provided		
Consultants	98	141
Contractors	3,718	2,666
Travel	3,347	3,028
IT Services	621	574
Other	2,931	2,877
Total goods and services provided	<u>10,715</u>	<u>9,286</u>

Goods and services are provided in connection with:

Services rendered	10,657	9,244
Goods supplied	58	42
Total goods and services	<u>10,715</u>	<u>9,286</u>

Other suppliers

Minimum operating lease payments	1,822	1,941
Workers compensation expenses	309	377
Total other suppliers	<u>2,131</u>	<u>2,318</u>

Total suppliers

<u>12,846</u>	<u>11,604</u>
---------------	---------------

#### Leasing commitments

##### Leases for office accommodation

Lease payments are subject to review in accordance with the lease agreement. The reviews are generally annual and are either a predetermined increase or a review against market. Where offered, lease renewal and options range from one to five years.

There are no contingent rentals in the agreements.

##### Leases for motor vehicles

The Quality Agency maintains a small fleet of pooled cars for the purposes of accreditation and quality review.

Lease payments are fixed for the life of the operating leases, which range from 1 to 3 years.

There are no contingent rentals nor are there any options to purchase the vehicles at the end of the lease.

##### Other rentals

Other rentals include the cost of minimum payments for portable computing and mobile phone devices.

## 5. FINANCIAL STATEMENTS

### Australian Aged Care Quality Agency

#### Note 2: Expenses (continued)

	2017	2016
	\$'000	\$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within 1 year	1,522	1,689
Between 1 to 5 years	2,210	3,864
More than 5 years	145	171
Total operating lease commitments	<u>3,877</u>	<u>5,724</u>

#### Accounting policy

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

#### Note 2C: Losses from asset sales

Property, plant and equipment		
Carrying value of assets sold	4	20
Proceeds from sale	-	(2)
Net loss from sale of assets	<u>4</u>	<u>18</u>

#### Accounting policy

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

#### Note 3: Own-source revenue and gains

#### Note 3A: Sale of goods and rendering of services

Sale of goods	8	8
Rendering of services	7,374	10,256
Total sale of goods and rendering of services	<u>7,382</u>	<u>10,264</u>

#### Accounting policy

Revenue from the sale of goods is recognised when:

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

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

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the agency.

The Quality Agency receives its main source of income from accreditation fees and providing educational activities. Accreditation fees are paid on application and brought to revenue on completion of the accreditation audit. The funds are shown as unearned income in the Statement of Financial Position until brought to revenue.

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

## 5. FINANCIAL STATEMENTS

### Australian Aged Care Quality Agency

	2017	2016
	\$'000	\$'000
<b>Note 3B: Other revenue</b>		
Assessor registration fees and guides	92	104
Remuneration of auditors received free of charge	38	38
	<u>130</u>	<u>142</u>

#### *Accounting Policy*

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

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another government agency or authority as a consequence of a restructuring of administrative arrangements.

#### **Note 3C: Revenue from Government**

Departmental appropriations	<u>28,317</u>	<u>27,842</u>
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#### *Accounting Policy*

Amounts appropriated for departmental outcomes for the year (adjusted for any formal additions and reductions) are recognised as revenue from government when the Quality Agency gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts.

## Australian Aged Care Quality Agency

### Financial Position

The section analyses the Quality Agency's assets used to conduct its operations and the operating liabilities incurred as a result. Employee related information is disclosed in the People and Relationships section.

	2017	2016
	\$'000	\$'000
<b>Note 4: Financial assets</b>		
<b>Note 4A: Cash and cash equivalents</b>		
Cash at bank	2,985	21,145
Cash on hand	1	2
Total cash and cash equivalents	<u>2,986</u>	<u>21,147</u>

#### Accounting Policy

Cash is recognised at its nominal amount.

#### Note 4B: Trade and other receivables

Receivables for goods and services	33	34
Receivables other	103	3
Departmental appropriations receivable	5,638	3,469
Undrawn equity injection	18,496	-
Departmental capital budget	-	635
GST receivable from the Australian Taxation Office	140	222
Total trade and other receivables (gross)	<u>24,410</u>	<u>4,363</u>

There are no trade or other receivables expected to be recovered in more than 12 months.

#### Accounting Policy

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

## 5. FINANCIAL STATEMENTS

### Australian Aged Care Quality Agency

	2017	2016
	\$'000	\$'000
<b>Note 5: Non financial assets</b>		
<b>Note 5A: Property, plant and equipment</b>		
Gross book value	3,924	3,745
Accumulated depreciation	(2,651)	(2,352)
Total property, plant and equipment	<u>1,273</u>	<u>1,393</u>

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

#### Note 5B: Reconciliation of opening and closing balances of property, plant and equipment

As at 1 July		
Gross book value	3,745	4,279
Accumulated depreciation and impairment	(2,352)	(2,463)
Total as at 1 July	<u>1,393</u>	<u>1,816</u>
Additions by purchase	513	324
Reclassification	-	(35)
Disposal	(4)	(20)
Depreciation expense	(629)	(692)
Total as at 30 June	<u>1,273</u>	<u>1,393</u>
Total as at 30 June represented by:		
Gross book value	3,924	3,745
Accumulated depreciation	(2,651)	(2,352)
Total as at 30 June	<u>1,273</u>	<u>1,393</u>

#### Accounting Policy

##### Acquisition of assets

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

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

##### Depreciation

Depreciable property, plant and equipment assets are written down to their estimated residual values over their estimated useful lives to the Quality Agency using, in all cases, the straight line method of depreciation.

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

##### Impairment

All assets were assessed for impairment at 30 June 2017. Where indicators of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment is made if the asset's recoverable amount is less than its carrying amount.

# Australian Aged Care Quality Agency

### Note 5 Non financial assets (continued)

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

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

##### 1. Assets recognition threshold

*Purchases of property, plant and equipment are initially recognised at cost in the Statement of Financial Position, except for purchases costing less than \$1,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total). The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.*

##### 2. Revaluation

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

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

*Revaluation decrements for a class of assets are recognised directly through the Statement of Comprehensive Income except to the extent that they reverse a previous revaluation increment for that class or asset. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.*

##### 3. Depreciation

*Property, plant and equipment is depreciated on a straight-line basis over its anticipated useful life. The useful lives of the Quality Agency's property, plant and equipment are 3 to 5 years (2015-16: 3 to 5 years).*

##### 4. Derecognition

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

## 5. FINANCIAL STATEMENTS

### Australian Aged Care Quality Agency

	2017	2016
	\$'000	\$'000
<b>Note 5C: Intangibles</b>		
Gross book value	4,634	3,789
Accumulated amortisation	(3,284)	(3,135)
Total intangibles	<u>1,350</u>	<u>654</u>

#### Note 5D: Reconciliation of opening and closing balances of intangibles

As at 1 July		
Gross book value	3,789	3,133
Accumulated amortisation and impairment	(3,135)	(2,666)
Total as at 1 July	<u>654</u>	467
Additions by purchase	946	379
Reclassifications	-	35
Amortisation expense	(250)	(227)
Total as at 30 June	<u>1,350</u>	<u>654</u>

Total as at 30 June represented by:

Gross book value	4,634	3,789
Accumulated amortisation and impairment	(3,284)	(3,135)
Total as at 30 June	<u>1,350</u>	<u>654</u>

#### Accounting Policy

##### Intangibles

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

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the Quality Agency's software are 3 to 5 years (2015-16: 3 to 5 years).

All software assets were assessed for indicators of impairment as at 30 June 2017.

##### 1. Amortisation

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the Quality Agency's software are 3 to 5 years, (2015-16: 3 to 5 years).

#### Note 5F: Prepayments

Total other non-financial assets	<u>774</u>	<u>630</u>
No indicators of impairment were found for other non-financial assets		

## 5. FINANCIAL STATEMENTS

### Australian Aged Care Quality Agency

	2017 \$'000	2016 \$'000
<b>Note 6: Payables</b>		
<b>Note 6A: Suppliers</b>		
Total suppliers - trade creditors and accruals	<u>1,569</u>	<u>789</u>
Settlement is usually made within 30 days		
<b>Note 6B: Unearned revenue</b>		
Total unearned revenue	<u>3,752</u>	<u>2,081</u>
<i>Accounting Policy</i>		
<i>Unearned revenues represent a liability for cash receipts for accreditation and education services that have been paid in advance. Revenue is recognised from the liability when the accreditation activities or education services have been provided.</i>		
<b>Note 6C: Other payables</b>		
Salaries and wages	-	1
Employee deductions	-	1
Accrued expense	26	23
Lease incentives	101	99
Total other payables	<u>127</u>	<u>124</u>
<b>Note 7: Provisions</b>		
Other provisions		
Make good	<u>298</u>	<u>280</u>
Reconciliation of provision for make good		
As at 1 July	280	306
Additional provisions made/(utilised)	<u>18</u>	<u>(26)</u>
Total as at 30 June	<u>298</u>	<u>280</u>

The Quality Agency currently has 5 (2015-16: 5) agreements for the leasing of premises which have provisions requiring the Quality Agency to restore the premises to their original condition at the conclusion of the lease. The Quality Agency has made a provision to reflect the present value of this obligation.

## 5. FINANCIAL STATEMENTS

### Australian Aged Care Quality Agency

#### Funding

This section identifies the Quality Agency's funding structure.

	2017	2016
	\$'000	\$'000
<b>Note 8: Annual appropriations</b>		
Ordinary annual services:		
<i>Appropriation Act</i> Annual appropriation	28,317	27,842
<i>PGPA Act</i> Section 74	9,324	7,342
Total ordinary annual services appropriation	<u>37,641</u>	<u>35,184</u>
Appropriation applied (current and prior years)	<u>(35,472)</u>	<u>(42,880)</u>
Variance	<u>2,169</u>	<u>(7,696)</u>
Capital budget:		
<i>Appropriation Act</i> Annual capital budget	1,195	1,085
Appropriation applied (current and prior years)	<u>(1,830)</u>	<u>(450)</u>
Variance	<u>(635)</u>	<u>635</u>
Equity injection:		
<i>Appropriation Act</i> Equity injection	18,496	-
Appropriation applied (current and prior years)	<u>-</u>	<u>-</u>
Variance	<u>18,496</u>	<u>-</u>
Total change in appropriation receivable	<u>20,030</u>	<u>(7,061)</u>

During the course of the year the Quality Agency returned \$18,495,880 of cash (representing the retained surpluses transferred to the Quality Agency from the previous Aged Care Standards and Accreditation Agency Ltd) to the official public account and received an equity injection of \$18,496,000 by way of appropriation.

#### Accounting policy

*Transactions with the Australian Government as owner:*

##### Equity injections

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

##### Restructuring of administrative arrangements

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

##### Other distributions to owners

Distributions to owners are debited to contributed equity unless they are in the nature of a dividend.

## 5. FINANCIAL STATEMENTS

### Australian Aged Care Quality Agency

	2017	2016
	\$'000	\$'000
<b>Note 9: Unspent appropriations (recoverable GST exclusive)</b>		
Departmental annual appropriation		
<i>Appropriation Act 1</i>	5,638	3,469
<i>Appropriation Act 1 Capital Budget (DCB)</i>	-	635
Cash at bank	<u>2,986</u>	<u>21,147</u>
Total unspent departmental annual appropriation	<u>8,624</u>	<u>25,251</u>
Equity injection appropriation		
<i>Appropriation Act 4</i> Equity injection	<u>18,496</u>	-
Total unspent equity injection appropriation	<u>18,496</u>	-
Total unspent appropriations	<u>27,120</u>	<u>25,251</u>

#### Note 10: Net cash appropriation arrangements

Total comprehensive income less depreciation/amortisation expenses previously funded through revenue appropriations	3	139
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	<u>(879)</u>	<u>(919)</u>
Total comprehensive income - as per the Statement of Comprehensive Income	<u>(876)</u>	<u>(780)</u>

From 2010-11 the Government introduced net cash appropriations whereby revenue appropriations for depreciation and amortisation expenses ceased. The Quality Agency now receives a separate equity appropriation for its capital budget. Capital budgets are to be appropriated in the period when cash payment for capital expenditure is required.

#### Note 11: Cash flow reconciliation

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

Cash and cash equivalents as per		
Cash Flow Statement	2,986	21,147
Statement of Financial Position	<u>2,986</u>	<u>21,147</u>
Discrepancy	<u>-</u>	<u>-</u>
Reconciliation of net cost of services to net cash from operating activities:		
Net cost of services	(29,193)	(28,622)
Revenue from Government	28,317	27,842
Adjustments for non-cash items:		
Depreciation and amortisation	879	919
Loss on sale of property, plant and equipment	4	18
Movements in assets and liabilities		
Assets		
(Increase)/decrease in net receivables	(2,186)	7,666
Decrease in prepayments	(144)	139
Liabilities		
Increase/(decrease) in supplier payables	780	(1,244)
Increase/(decrease) in unearned revenue	1,671	(3,213)
Increase/(decrease) in other payables	3	(427)
Increase/(decrease) in other employee provisions	(185)	(2,877)
Increase/(decrease) in other provisions	<u>18</u>	<u>(26)</u>
Net cash from/(used for) operating activities	<u>(36)</u>	<u>175</u>

## 5. FINANCIAL STATEMENTS

# Australian Aged Care Quality Agency

### People and Relationships

This section describes a range of employment and post-employment benefits provided to our people and our relationships with other key people.

	2017 \$'000	2016 \$'000
<b>Note 12: Employee provisions</b>		
Leave	6,008	5,488
Separations and redundancies	475	1,180
Total employee provisions	<u>6,483</u>	<u>6,668</u>
Employee provisions are expected to be settled		
No more than 12 months	4,584	4,718
More than 12 months	1,899	1,950
Total employee provisions	<u>6,483</u>	<u>6,668</u>

### Accounting Policy

Liabilities for 'short-term employee benefits' (as defined in AASB 119 Employee Benefits) and termination benefits expected within twelve months of the end of reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

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

#### Leave

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

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

The liability for long service leave has been determined by reference to the estimated future cash flows to be made in respect to all employees as at 30 June 2017. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

#### Separation and redundancy

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

#### Superannuation

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

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

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

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

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

## Australian Aged Care Quality Agency

2017  
\$'000

**Note 13: Key management personnel**

Short-term employee benefits	
Salary	883
Performance bonus	-
Total short-term employee benefits	<u>883</u>
Post-employment benefits	
Superannuation	148
Termination payment	137
Total post-employment employee benefits	<u>285</u>
Other long-term employee benefits	
Annual leave	105
Long-service leave	17
Total other long-term employee benefits	<u>122</u>
Total key management personnel expenses	<u>1,290</u>

The total number of senior management personnel included in the above is four (2015-16: four).

**Note 14: Related party disclosures**

Related party relationships:

The Quality Agency is an Australian Government controlled entity. Related parties to this entity are Key Management Personnel including the Portfolio Minister and other Australian Government entities.

Significant transactions with related parties can include:

- the payments of grants or loans;
- purchases of goods and services;
- asset purchases, sales transfers or leases;
- debts forgiven; and
- guarantees.

Giving consideration to relationships with related entities, and transactions entered into during the reporting period by the Quality Agency, it has been determined that there are no related party transactions to be separately disclosed.

## 5. FINANCIAL STATEMENTS

# Australian Aged Care Quality Agency

### Managing uncertainties

This section analyses how the Quality Agency manages financial risks within its operating environment.

#### Note 15: Contingent assets and liabilities

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

##### Quantifiable contingencies

The Quality Agency has two bank guarantees in respect of office lease guarantees (2015-16: two) for a total of \$171,799 (2015-16: \$171,799).

##### Unquantifiable contingencies

At 30 June 2017, the Quality Agency had no unquantifiable contingencies.

##### Significant remote contingencies

The Quality Agency had no significant remote contingencies.

#### Note 16: Fair value measurement

The following disclosure provides an analysis of assets and liabilities that are measured at fair value. The different levels of the fair value hierarchy are defined below.

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

Level 2: Inputs other than quoted prices included in level 1 that are observable for assets or liabilities, either directly or indirectly.

Level 3: Unobservable inputs from assets or liabilities

	2017	2016
	\$'000	\$'000
Fair value measurements at the end of the reporting period		
Non financial assets		
Property plant and equipment	Level 3 <u>1,273</u>	<u>1,393</u>
Total fair value measurement of assets in the statement of financial position	<u>1,273</u>	<u>1,393</u>

#### Note 17: Financial instruments:

##### Note 17A: Categories of financial instruments

###### Financial assets

###### Loans and receivables

Cash and cash equivalents	2,986	21,147
Appropriations receivable	24,134	4,104
Trade and other receivables	<u>136</u>	<u>37</u>
Carrying amount of financial assets	<u>27,256</u>	<u>25,288</u>

###### Financial liabilities

###### Financial liabilities measured at amortised cost

Supplier payables	1,569	789
Unearned revenue	3,752	2,081
Other payables	<u>127</u>	<u>124</u>
Total financial liabilities measured at amortised cost	<u>5,448</u>	<u>2,994</u>

## 5. FINANCIAL STATEMENTS

### Australian Aged Care Quality Agency

#### **Note 17B: Net gains or losses on financial assets**

There was no income or expense from financial liabilities not at fair value through the profit and loss in the financial year ended 30 June 2017 (2015-16: nil).

#### **Note 17C: Fair value of financial instruments**

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

#### **Note 17D: Credit risk**

The Quality Agency is exposed to minimal risk. The maximum exposure to credit risk is the amount held as trade receivables should a default occur. This amount is equal to the total amount of receivables for services (refer Note 14A).

#### **Note 17E: Liquidity risk**

The Quality Agency has sufficient available financial assets to meet all financial liabilities at 30 June 2017.

#### *Accounting Policy*

##### *Financial assets*

*The Quality Agency classifies its financial assets as loans and receivables. Loans and receivables comprise trade and other receivables that have fixed or determinable payments that are not quoted in an active market. Loans and receivable are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.*

##### *Effective interest method*

*The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period. Income is recognised on an effective interest rate basis except for financial assets at fair value through profit or loss.*

##### *Loans and receivables*

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

##### *Impairment of financial assets*

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

##### *Financial liabilities*

*Financial liabilities are classified as other financial liabilities. These comprise supplier and other payables that are recognised at amortised cost. Financial liabilities are recognised and derecognised upon 'trade date'. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.*

## 5. FINANCIAL STATEMENTS

### Australian Aged Care Quality Agency

	2017	2016
	\$'000	\$'000
<b>Note 18: Financial asset reconciliation</b>		
Total financial assets as per Statement of Financial Position	<b>27,396</b>	25,510
Less: Non-financial instrument components:		
GST receivable from Australian Taxation Office	<u>140</u>	<u>222</u>
Total non-financial instrument components	<u>140</u>	<u>222</u>
Total financial assets as per financial instruments note	<b><u>27,256</u></b>	<u>25,288</u>

# Australian Aged Care Quality Agency

### Other information

#### **Note 19: Reporting of outcomes**

The financial statements and the notes forming part of the financial statements represent the Quality Agency's financial performance and financial position related fully to Outcome 1 of the Quality Agency's Entity Resources and Planned Performance Statement.



# 6 APPENDICES AND REFERENCES

This section contains appendices that provide details of our reporting requirements under the *Public Governance, Performance and Accountability Act 2013* and other legislation.

The appendices and references tools help the reader to find and use information in the annual report.

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# GLOSSARY

Abbreviation	Term
AASB	Australian Accounting Standards Board
AAT	Administrative Appeals Tribunal
ACCC	Aged Care Complaints Commissioner
ACHA	Assistance with Care and Housing for the Aged
ADP	Assessor Development Program
ANAO	Australian National Audit Office
APS	Australian Public Service
ATSI flex	National Aboriginal and Torres Strait Islander flexible aged care program
AusTender	The Australian Government tender system
Award	Public Service Award
BBP	Better Business Program
CAAT	Computer-Assisted Audit Tool
CALD	Cultural and Linguistically Diverse
CDC	Consumer Directed Care
CEO	Chief Executive Officer
CFR	Consumer Focused Report
CHSP	Commonwealth Home Support Program
Commencing services	Accreditation for new Residential Aged Care services
Commissioner	Aged Care Complaints Commissioner
CPD	Continuing Professional Development
CSS	Commonwealth Superannuation Scheme
DCB	Departmental Capital Budgets
DoH	Department of Health
DSS	Department of Social Services
DTC	Day Therapy Centres
DTO	Digital Transformation Office
EA	Enterprise Agreement

## 6. APPENDICES AND REFERENCES

ECG	Executive Coordination Group
ED	Executive Director
EL	Executive level
FBT	Fringe Benefits Tax
FOI	<i>Freedom of Information Act 1982</i>
FRR	Financial Reporting Rule
FTE	Fulltime equivalent
HACC	Home and Community Care
HCPP	Home Care Community Packages
GST	Goods and Services Tax
ICT	Information, Communication and Technology
IR	Improvement request
ISQua	International Society for Quality in Health Care
MOU	Memorandum of Understanding
NAA	National Archives of Australia
NAIDOC	National Aborigines and Islander Day Observance Committee
NRCPP	National Respite for Carers Program
PBS	Portfolio Budget Statements
PGPA Act	Public Governance, Performance and Accountability Act 2013
PM	Project Manager
PSPF	Protective Security Policy Framework
PSS	Public Sector Superannuation Scheme
Quality Agency	Australian Aged Care Quality Agency
QI	Quality Indicators
QR	Quality Review
QUEST	Quality Education on the Standards
SES	Senior Executive Service
SOFI	Short Observational Framework for Inspection
SME	Small and Medium Enterprises
TFI	Timetable for Improvement

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## INDEX OF MANDATORY REQUIREMENTS

The Quality Agency is a non-corporate Commonwealth entity. Below is the table set out in Schedule 2 of the PGPA Rule. Section 17AJ(d) requires this table to be included in entities annual report as an aid of access.

Ref	Part of Report	Description	
17AD(g)	Letter of transmittal		
17AI	p3	A copy of the letter of transmittal signed and dated by accountable authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report.	Mandatory
17AD(h)	Aids to access		
17AJ(a)	p4	Table of contents	Mandatory
17AJ(b)	p118	Alphabetical Index	Mandatory
17AJ(c)	p116	Glossary of abbreviations and acronym	Mandatory
17AJ(d)	p119	List of requirements	Mandatory
17AJ(e)	p2	Details of contact officer	Mandatory
17AJ(f)	p2	Entity's website address	Mandatory
17AJ(g)	p2	Electronic address of report	Mandatory
17AD(a)	Review by the accountable authority (CEO)		
17AD(a)	p6	Review by departmental secretary	Mandatory
17AD(b)	Overview of the entity		
17AE(1)(a)(i)	p58-67	Role and functions	Mandatory
17AE(1)(a)(ii)	p66	Organisational structure	Mandatory
17AE(1)(a)(iii)	p46	Description of outcome and programme administered by the entity	Mandatory
17AE(1)(a)(iv)	p62	Purposes of the entity as per Corporate Plan	Mandatory

## 6. APPENDICES AND REFERENCES

17AE(1)(b)	p66	An outline of the portfolio structure	Mandatory
17AE(2)	Nil	If the outcomes and programmes administered by the entity during the period are not the same as the outcomes and programmes in any Portfolio Budget Statements.	If applicable, Mandatory
<b>17AD(c)</b>	<b>Report on Performance</b>		
17AD(c)(i); 16F	p42	Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 14F of the rule.	Mandatory
<b>17AD(c)(ii)</b>	<b>Report on Financial Performance</b>		
17AF(1)(a)	p42	A discussion and analysis of the entity's financial performance	Mandatory
17AF(1)(b)	p55	A table summarising the total resources and total payments of the entity	Mandatory
17AF(2)	not applicable	If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results.	If applicable, Mandatory
<b>17AD(d)</b>	<b>Management and Accountability</b>		
	<b>Corporate Governance</b>		
17AG(2)(a)	p3	Information on compliance with section 10 (fraud systems)	Mandatory

## 6. APPENDICES AND REFERENCES

17AG(2)(b)(i)	p3	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory
17AG(2)(b)(ii)	p3	A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place.	Mandatory
17AG(2)(b)(iii)	p3	A certification by an accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory
17AG(2)(c)	p66	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory
17AG(2)(d) – (e)	not applicable	A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with Finance law and action taken to remedy non-compliance.	If applicable, Mandatory
<b>External Scrutiny</b>			
17AG(3)	p74	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory
17AG(3)(a)	p75	Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity.	Mandatory

## 6. APPENDICES AND REFERENCES

17AG(3)(b)	not applicable	Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	If applicable, Mandatory
17AG(3)(c)	not applicable	Information on any capability reviews on the entity that were released during the period.	If applicable, Mandatory
<b>Management of Human Resources</b>			
17AG(4)(a)	p71	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory
17AG(4)(b)	p68-70	<p>Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following:</p> <p>Statistics on staffing classification level;</p> <ul style="list-style-type: none"> <li>• Statistics on full-time employees;</li> <li>• Statistics on part-time employees;</li> <li>• Statistics on gender;</li> <li>• Statistics on staff location;</li> <li>• Statistics on employees who identify as Indigenous.</li> </ul>	Mandatory
17AG(4)(c)	p70-72	Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i> .	Mandatory

## 6. APPENDICES AND REFERENCES

17AG(4)(c)(i)	p70	Information on the number of SES and non-SES employees covered by agreements etc identified in paragraph 17AD(4)(c).	Mandatory
17AG(4)(c)(ii)	p70	The salary ranges available for APS employees by classification level.	Mandatory
17AG(4)(c)(iii)	p70	A description of non-salary benefits provided to employees.	Mandatory
17AG(4)(d)(i)	not applicable	Information on the number of employees at each classification level who received performance pay.	If applicable, Mandatory
17AG(4)(d)(ii)	not applicable	Information on aggregate amounts of performance pay at each classification level.	If applicable, Mandatory
17AG(4)(d)(iii)	not applicable	Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, Mandatory
17AG(4)(d)(iv)	not applicable	Information on aggregate amount of performance payments.	If applicable, Mandatory
<b>Assets Management</b>			
17AG(5)	p83	An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities.	Mandatory
<b>Consultants</b>			
17AG(7)(a)	p84	A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST).	Mandatory

## 6. APPENDICES AND REFERENCES

17AG(7)(b)	p84	A statement that “During [reporting period], [specified number] new consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of \$[specified million]”.	Mandatory
17AG(7)(c)	p85	A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged.	Mandatory
17AG(7)(d)	p84	A statement that “ <i>Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website.</i> ”	Mandatory
<b>Australian National Audit Office Access Clauses</b>			
17AG(8)	p84	If an entity entered into a contract with a value of more than \$100 000 (inclusive of GST) and the contract did not provide the Auditor-General with access to the contractor’s premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	Mandatory

## 6. APPENDICES AND REFERENCES

<b>Exempt contracts</b>			
17AG(9)	p85	If an entity entered into a contract or there is a standing offer with a value greater than \$10 000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.	Mandatory
<b>Small business</b>			
17AG(10)(a)	p84	A statement that “[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance’s website.”	Mandatory
17AG(10)(b)	p84	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory
17AG(10)(c)	not applicable	If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that “[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury’s website.”	If applicable, Mandatory

## 6. APPENDICES AND REFERENCES

	Financial Statements		
17AD(e)	p88	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory
17AD(f)	Other mandatory information		
17AH(1)(a)(i)	not applicable	If the entity conducted advertising campaigns, a statement that <i>“During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity’s website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance’s website.”</i>	If applicable, Mandatory
17AH(1)(a)(ii)	p78	If the entity did not conduct advertising campaigns, a statement to that effect.	Mandatory
17AH(1)(b)	not applicable	A statement that “Information on grants awarded to [name of entity] during [reporting period] is available at [address of entity’s website].”	Mandatory
17AH(1)(c)	p72	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory
17AH(1)(d)	p75	Website reference to where the entity’s Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory
17AH(1)(e)	Nil	Correction of material errors in previous annual report	If applicable, Mandatory
17AH(2)	p78-85	Information required by other legislation	Mandatory

## 6. APPENDICES AND REFERENCES

17AH(2)	p72	Work health and safety (Schedule 2, Part 4 of the <i>Work Health and Safety Act 2011</i> )	Mandatory
17AH(2)	p78	Advertising and Market Research (Section 311A of the <i>Commonwealth Electoral Act 1918</i> ) and statement on advertising campaigns	Mandatory
17AH(2)	p82	Ecologically sustainable development and environmental performance (Section 516A of the <i>Environment Protection and Biodiversity Conservation Act 1999</i> )	Mandatory
17AH(2)	p71	<i>Compliance with the agency's obligations under the Carer Recognition Act 2010</i>	If applicable, mandatory

# INDEX OF ANNUAL REPORTING REQUIREMENTS OF THE *AUSTRALIAN AGED CARE QUALITY AGENCY ACT 2013*

Ref S47	Part of Report	Description	Requirement
(a)	p50-54	...an assessment of the extent to which the Quality Agency's operations during the period have contributed to the priorities set out in the annual operational plan for the period; and	Mandatory
(b)	p50-54	...particulars of any variations of the annual operational plan; and	Mandatory
(c)	p50-54	...an evaluation of the Quality Agency's overall performance during the period against the performance indicators set out in the annual operation plan for the period.	Mandatory

# AUSTRALIAN AGED CARE QUALITY AGENCY GENERAL ENQUIRIES 1800 288 025

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