

The Agency's mission is to:

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

Our vision is that:

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



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18 October 1999

The Hon Bronwyn Bishop, MP
Minister for Aged Care
Parliament House
Canberra ACT 2600

Dear Minister

I have pleasure in submitting for your information and presentation to Parliament, the first full-year annual report for the Aged Care Standards and Accreditation Agency Limited.

The report outlines the Agency's efforts and achievements for 1998-99, and includes the audited financial statements for the Agency.

The report has been prepared in accordance with the *Commonwealth Authorities and Companies Act 1997* and Corporations Law requirements.

Yours sincerely

Dr Penny Flett
Chairperson



I. AGENCY STRUCTURE & PROFILE

The Aged Care Standards and Accreditation Agency Limited ('the Agency') is an independent company limited by guarantee, established under the Australian Securities and Investments Commission, and subject to the *Commonwealth Authorities and Companies Act 1997*.

It is the body established by the Commonwealth Government as the accreditation body under the *Aged Care Act 1997*.

The core functions of the Agency are:

- Management of the residential aged care accreditation process;
- Assistance to services to improve service quality through education and training, information dissemination and identification of best practice to promote and encourage better quality aged care;
- Conduct assessments and strategically manage services not ready for accreditation; and
- Liaison with the Department regarding those services identified as not meeting the Residential Care Standards.

The Agency fulfils these functions in accordance with the *Aged Care Act 1997*, the *Accreditation Grant Principles 1998*, and the *Accountability Principles 1998*. It is administered by a Board which outlines its strategic direction and performance.

The Agency is structured to maximise the delivery of corporate objectives into operational results. A national office, based in Parramatta in Sydney's west, provides corporate support and leadership to five state-based offices. The state offices provide local support and leadership, and regular formal and informal communication between the state and national offices ensures consistency and coordinated service delivery.

The General Manager reports to the Board. The General Manager is supported by an executive team, comprising the five State Managers and four national office-based managers: finance; information technology; accreditation and training; and communications.

The nature of the organisation, its size and its commitment to continuous quality improvement in its own operations, fosters an open approach to the development and review of policies and procedures, involving all levels of staff and encouraging external stakeholders' participation where appropriate.



2. CHAIRPERSON'S REPORT

This report reflects the Agency's first full financial year of operations. The Board met for the first time in November 1997, the General Manager was appointed in March 1998 and the period to the end of June 1998 was the official 'establishment' period for the Agency.

It has been a busy and challenging period, with a focus on setting a clear strategic direction for the Agency and ensuring appropriate infrastructure was established to support that direction, as well as putting into place interim processes.

Consultation with industry, consumer representatives and the Department has underscored the Agency's approach. As a Board, we have determined to be accessible and responsive, and have made time, individually and collectively, to meet at different places around the country so that we can be available to meet as many people as possible, particularly in the early days when there was understandable curiosity and anxiety among providers.

In the lead-up to accreditation, key policies, processes and principles were established to ensure that accreditation was set in a long-term context.

The Board is committed to ensuring the Agency is a quality organisation and we have worked actively with the Agency team in pursuing this goal.

After an extensive consultation process involving the Board and all staff of the Agency, the vision, mission and values statements were developed. These are reproduced elsewhere in this report. They clearly represent the commitment of the people in the organisation and they serve to motivate, inspire and guide us all.

Accountability and 'value for money' are critical to the success and credibility of both the Agency and the accreditation process. The Board has and will continue to closely scrutinise the financial performance of the Agency to ensure that the considerable investment by taxpayers and industry is properly and effectively managed, to maximise the 'return' of high and increasingly improved quality in residential aged care.

On behalf of the Board I acknowledge and thank the General Manager and all his staff, whose commitment and consistent effort have provided leadership and confidence in this journey to Accreditation with providers.

I thank the directors for the generous and unstinting support. I believe the Agency has laid the foundations for a system embedded in quality, which will stand the tests of time and distance, ensuring an industry whose performance measures up to any world benchmark.

Dr Penny Flett
Chairperson



3. GENERAL MANAGER'S REPORT

The Agency's efforts in this period have been a rewarding experience. It has marked the beginning of a journey towards cultural change and continuous quality improvement in the aged care industry, a journey in which we are all both travellers and guides. The Agency has simultaneously pursued improved quality in the industry, and improved quality in our own operations.

In the period, the Agency took on the responsibility for 'standards monitoring' of residential aged care services, previously managed by the Department. A new approach was developed, which leads naturally into the accreditation process. Information sessions on accreditation were presented across the country, as well as educational support visits to individual services.

The 'tools' of accreditation — the *Accreditation Guide* and *Application Kit (incorporating self-assessment tool)* were developed, in consultation with external stakeholders, and distributed. Internal processes to ensure consistency and to manage the accreditation function were developed.

The success of the Agency is largely dependent on both our internal staff and our external contract quality assessors. Significant effort has been expended in ensuring the rigour of our selection processes and the development of appropriate staff training modules.

An important element in our approach to accreditation has been the development of consultative mechanisms with key stakeholders. I would like to acknowledge the work of the several working groups and the contribution of the State and National Liaison Groups, and the Education Advisory Panel. Their support and valuable advice has been much appreciated.

It has been a busy period but also a time when relationships have been built, teamwork strengthened and creativity and commitment demonstrated.

I would like to thank the Board and staff of the Agency, and all stakeholders, for their support during this exciting phase of the Agency's life.

Tim Burns
General Manager



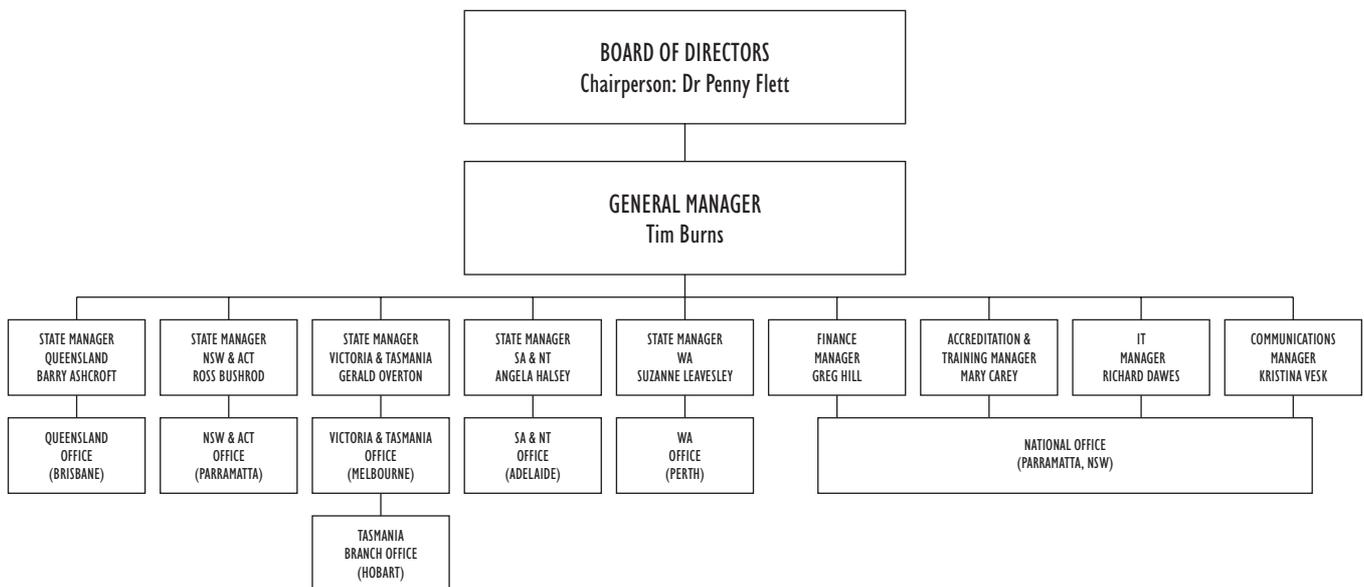
4. PEOPLE

The success of the Aged Care Standards and Accreditation Agency depends on the performance of its people.

Our objective is to develop people management practices and processes that contribute to the success and productivity of the Agency, and the quality of life of the staff, ensuring a highly skilled and motivated workforce. The Agency aims to create a work environment that attracts, retains and develops high quality, motivated staff, driven by the Agency's vision, mission and values, and strategic plan priorities.

Our performance development program links the objectives of the Agency with the performance of all staff, and is an integral part of our corporate strategy.

The organisation chart below shows how the people fit together to form the Agency team.





About the Board



Left to Right: Peter Toohey, Tim Burns, Jim Longley, Penny Flett, John Lang, Betty Johnson, Terry Healey, Priscilla Kincaid-Smith

Dr Penny Flett, Chairperson

Dr Flett is Executive Director of the Brightwater Care Group (formerly Homes of Peace) a not-for-profit organisation providing a wide range of residential and at-home services for 700 elderly and young people at many locations in Perth. She was the 1998 Telstra Australian Business Woman of the Year.



She lives in Perth.

Dr Flett was appointed to the Board in November 1997 and her current term expires on 22 September 2000.

Mr Terry Healey, Director

Mr Healey is the Chief Executive Officer of Eldercare Inc, an independently incorporated community service of the Uniting Church in Australia which operates nursing homes, hostels and independent living units in South Australia. He lives in Adelaide.

Mr Healey was appointed to the Board in November 1997 and his current term expires on 22 September 1999.

Mrs Betty Johnson, Director

Mrs Johnson is Secretary of the Australian Pensioners' and Superannuants' Federation, and National Secretary of the Older Women's Network (Australia) and a consumer representative on many aged care committees and working groups. She lives in Sydney.

Mrs Johnson was appointed to the Board in November 1997 and her current term expires 22 September 2000.



Professor Priscilla Kincaid-Smith, AC, Director

Professor Kincaid-Smith is the Medical Director and Director of Nephrology, Epworth Hospital, Melbourne, Professor Emeritus, University of Melbourne. She lives in Melbourne.

Professor Kincaid-Smith was appointed to the Board in November 1997 and her current term expires on 22 September 2000.

Mr John Lang, Director

Mr Lang is a retired company director, involved in many community organisations including the NSW Forum of the Department of Veterans' Affairs. He lives in Sydney.

Mr Lang was appointed to the Board in November 1997 and his current term expires 22 September 1999.

Mr Jim Longley, Director

Mr Longley is Chief Executive Officer of Anglican Retirement Villages, Sydney. Mr Longley was New South Wales' first Minister on Ageing (1993-95). He lives in Sydney.

Mr Longley was appointed to the Board in November 1997 and his current term expires on 22 September 1999.

Mr Peter Toohey, Director

Mr Toohey is a management consultant to the aged care industry and, until early 1998 the Executive Chairman of TriCare Limited, the largest provider of aged care in Queensland.

Mr Toohey was appointed to the Board in November 1997 and his current term expires 22 September 2000.

Board meetings are attended by the Agency's General Manager and Company Secretary, Mr Tim Burns, and the First Assistant Secretary, Aged and Community Care Division, Department of Health and Aged Care, Dr David Graham. There were no changes to the Board composition during the year, although two new directors were appointed after the reporting period, in July 1999. They are Mr James Harrowell and Mr Henry Williams.

About the executive team



Mr Tim Burns, General Manager

Prior to being appointed as the General Manager of the Aged Care Standards and Accreditation Agency, Mr Burns was the Group Chief Executive of St John of God Hospitals. There, he played a key role in implementing the quality improvement program that led to an Australian Quality Awards *Achievement in Business Excellence* award.



Mr Barry Ashcroft, State Manager, Queensland

Mr Ashcroft worked in the aged care industry for 12 years prior to joining the Agency. He is currently completing postgraduate studies towards a Masters degree in business administration.



Mr Ross Bushrod, State Manager, New South Wales & ACT

Mr Bushrod's background is in public administration in the Commonwealth and State governments, most recently in vocational education and training. He was a director on the National Training Board.



Mr Gerald Overton, State Manager, Victoria & Tasmania

Mr Overton was a surveyor for ACHS for eight years and his professional background is in the private hospital and pharmaceutical industries. He has postgraduate qualifications in business administration and health sciences administration.



Ms Angela Halsey, State Manager, South Australia & Northern Territory

Ms Halsey's career was established in Canberra, in various departments of the Commonwealth government, including defence, tourism and housing. More recently, she managed funding programs in health, aged care and community services, including for the frail aged.



Mrs Suzanne Leavesley, State Manager, Western Australia

Mrs Leavesley qualified as a speech and language pathologist, and received a masters degree in communication disorders from St Louis University, USA. She worked in management in community aged care and the acute hospital sector before joining the Agency.

Mr Greg Hill, Finance Manager

Mr Hill has a particular interest in set-up and change process operations and his work history as a financial controller has spanned industries from information technology to multinational health care.

Mr Richard Dawes, Information Technology Manager

Mr Dawes has extensive experience in the private sector, developing information technology strategies and systems.

Ms Mary Carey, Accreditation and Training Manager

Ms Carey has worked in the area of quality management for over 11 years, with experience in both the aged care and acute sectors of the NSW public health system. The thesis for her Master of Public Health was on total quality management.



Ms Kristina Vesk, Communications Manager

Ms Vesk's background is in communications and public policy. She has a degree in social science and serves on the ethics review committee of a major Sydney teaching hospital.

Occupational health and safety

Occupational health and safety (OH&S) committees are established at each office location, and are supported by corporate OH&S policies. During the reporting period there were no incidents or issues of concern relating to OH&S.

Human resource management

All staff of the Agency are employed on individual contracts. There are annual performance reviews and the human resources management approach is in the context of a quality framework, with staff participation in decision making and improvement cycles.

Agency participation in external activities

The aged care industry is a particularly active one, with numerous conferences, seminars, working parties and committees.

Over the year, Agency directors, managers and staff have made many presentations, from major events such as the Aged Care Australia national conference held in September 1998 in Adelaide, to smaller seminars in remote communities. The Agency has participated in forums arranged by industry, government, consumer bodies, academic institutions and community organisations.

As just some examples, presentations have been made to: the annual conferences of Catholic Health Australia; Geriaction; Aged Care Australia; and the Australian Nursing Homes and Extended Care



SA/NT Team



Association; as well as other conferences and seminars across the country. These include the Victorian University of Technology, the NSW Transcultural Aged Care Service, the ACAT conference in Perth and the 10th Annual Conference of the Australasian Association for Quality in Health Care.

The Agency is represented on a number of committees, including:

Department of Health and Aged Care

- Consumer involvement in quality assurance (dementia focus) steering committee — *Tim Burns*
- Alternatives to restraint project — *Angela Halsey*
- Closure working group — *Gerald Overton*
- Steering committee for the quality of aged care accommodation — *Barry Ashcroft*
- National advocacy network consumer quality assurance project — *Mary Carey*

Other

- Aged Care Coalition — Australian Medical Association, Queensland — *Barry Ashcroft & Kylie Radburn*
- Safer Industries Aged Care OH&S Working Party — joint project of industry and WorkCover Corporation SA — *Angela Halsey*
- OH&S for small business in aged care steering committee — project developed by the Department of Health and Aged Care and managed by the WorkCover Corporation, SA — *Angela Halsey*
- Steering Committee for Certificate IV in CQI (Aged Care) — funded by the NSW Department of Education and Training, project managed by Aged Services Association NSW & ACT Inc, and the Australian Nursing Homes and Extended Care Association (NSW) — *Ross Bushrod/Victoria Crawford*

Consultation

Consultation is critical to the pursuit of the Agency's mission. Consultation is based on trust, good communications and the recognition of stakeholder diversity.

The Agency has formal and informal consultative mechanisms. Agency Liaison Groups have been established in each State and Territory, as well as a national group. The Groups meet regularly to discuss industry trends, provide feedback to the Agency on the Agency's policies and processes and to put forward ideas for improvements. Conversely, the Agency provides information to the members of the Groups, who then communicate back to their own stakeholders.

A national Education Advisory Panel has been established with a focus, as is evident from the name, on education and training issues.



Membership

Education Advisory Panel

Chairperson: Ms Mary Carey

Ms Sally Garratt, Association for the Blind

Ms Margaret Hess, Federation of Ethnic Communities Council of Australia

Ms Maureen Lyster, Aged Care Australia (now known as Aged and Community Services Australia)

Ms Sue Macri, Australian Nursing Homes and Extended Care Association

Ms Pat Reeve, Council on the Ageing, Victoria

Ms Leisa Simmons, The Aged-care Rights Service Inc

Agency Liaison Groups

National Agency Liaison Group

Chairperson: Mr Tim Burns

Mr Bill Bourne, Australian Nursing Homes and Extended Care Association

Mr John Cowper, Legacy

Ms Libby Davies, Uniting Community Services Australia

Mr David Deans, National Seniors Association

Ms Averil Fink, Carers' Association

Mr Richard Gray, Catholic Health Australia

Mr Ian Hardy, Helping Hand Aged Care Inc

Ms June Heinrich, Baptist Community Services

Ms Heather Johnson, AM, Council on the Ageing (Australia)

Mr Denis Jones, Australian Nursing Federation

Ms Helen Kurincic, Anglican Homes for the Elderly

Ms Norah McGuire, Australian Pensioners and Superannuants Federation

Mr Frank Schaper, Alzheimer's Association, Western Australia

Mrs Katrina Sharp, St George Nursing Home

Mr Royce Voss, OAM, Anglican Care of the Aged

Agency Liaison Group Queensland

Chairperson: Mr Barry Ashcroft

Ms Pam Bridges, Nurses in Management Aged Care

Mr Alec Lobban, The Uniting Church in Australia

Ms Jody Thomson, Alzheimer's Association

Ms Jennie Peut, Older Persons Advocacy Service Inc

Ms Janet Hogan, Australian Pensioners & Superannuants League Qld Inc

Mr John Potts, Australian Nursing Homes and Extended Care Association

Mr Royce Voss, OAM, Anglican Care of the Aged

Mr Ross Smith, RSL War Veterans Homes

Mr Michael Isaacs, Aged Care Queensland

Mr Mark Fleming, Fleming Health Services Pty Ltd

Ms Bonny Barry, Queensland Nurses' Union of Employees

Agency Liaison Group New South Wales

Chairperson: Mr Ross Bushrod

Ms Jill Pretty, Aged Services Association of NSW and ACT



Ms Sue Macri, Australian Nursing Homes and Extended Care Association

Mr Les Jenkins, Combined Pensioners and Superannuants Assoc, NSW

Ms Lorraine Glover, The Aged-care Rights Service Inc

Ms Janet Ma, NSW Nurses Association

Ms Anita Westera, NSW Department of Ageing and Disability

Mr Paul McMahon, Commonwealth Department of Health and Aged Care

Ms Amanda Adrian, NSW Health Department

Mr Martin Wisman, National Seniors Association (NSW Branch)

Agency Liaison Group ACT

Chairperson: Mr Ross Bushrod

Mr Brendon Kelly, Aged Services Association of NSW and ACT (ASA)

Ms Sue Sawyer, Australian Nursing Homes and Extended Care Association

Mr Len Waugh, ACT Aged and Community Care Programs

Ms Colynne Gates, ADACAS

Mr Jim Purcell, Council on the Ageing

Mr Geoffrey Hardwick, National Seniors Association (ACT)

Agency Liaison Group Victoria

Chairperson: Mr Gerald Overton

Ms Pat Reeve, Council on the Ageing (Vic)

Ms Gill Pierce, Carers Association Victoria

Ms Sabine Phillips, Australian Nursing Homes and Extended Care Association

Ms Jill Clutterbuck, Australian Nursing Federation

Mr Michael Scarlett, Ballarat Health Services

Ms Mary Lyttle, Residential Care Rights

Mr Ian Pollerd, Department of Human Services

Mr Anthony Mutton, Victorian Association of Health and Extended Care

Ms Edith Morgan, Older Persons' Action Group

Ms Mary Barry, Victorian Association of Health and Extended Care

Ms Pauline Cross, Older Women's Network

Agency Liaison Group Tasmania

Chairperson: Mr Gerald Overton

Ms Helen Gray, Australian Nursing Federation

Ms Ethel Guy, Tasmanian Pensioners' Union

Ms Marianne Holford, Migrant Resource Centre

Ms Sue Hope, Spencer Nursing Home

Ms Collette Horrocks, Advocacy Tasmania Inc

Mr Kevin O'Loughlin, Department of Community & Health Services

Ms Suzi Reid, Department of Health and Human Services

Mr Tony Smith, The Gardens Nursing Home

Mr Craig Stringer, Health and Community Services Union

Mr Andrew Vanderschoor, Aged Care Tasmania Inc

Mr David Wills, Council on the Ageing (Tas)

Agency Liaison Group South Australia

Chairperson: Ms Angela Halsey

Ms Anne Henderson, Aged Care Organisations Association



Mr Dennis Chamberlain, Aged Care Organisations Association

Ms Marilyn Crabtree, Aged Rights Advocacy Service

Ms Florence Padman, Australian Nursing Homes and Extended Care Association

Mrs Joy Murch, Australian Nursing Homes and Extended Care Association

Ms Rachael Scott, Aust Liquor, Hospitality & Miscellaneous Workers Union

Mr Rob Bonner, Australian Nursing Federation

Ms Carol Gray, Carers Association of SA

Mr Jim Giles, Council on the Ageing

Ms Kate Fotiadis, Multicultural Aged Care

Mrs Helen Storer, Older Women's Advisory Committee

Ms Merilyn Paris, SA Directors of Nursing Association

Mr Alan Nankivell, Alzheimer's Association

Agency Liaison Group Northern Territory

Chairperson: Ms Angela Halsey

Ms Yvonne Sutherland, Council on the Ageing (NT)

Ms Sharon Davis, Frontier Services

Ms Anne O'Brien, Top End Advocacy Service

Mrs Caroline Phillips, Rocky Ridge Aged Care Facility

Mr John Haines, Australian Nursing Federation

Ms Debbie Tilsley, NT Carers Association

Agency Liaison Group Western Australia

Chairperson: Mrs Suzanne Leavesley

Mr Graeme Prior, Australian Nursing Homes and Extended Care Association

Ms Sheryl Stone, Multicultural Aged Care Services WA

Ms Nancy Pierce, Health Consumers Council

Ms Karen Branley, Australian Nursing Federation

Ms Hilary Cook, WA Directors of Nursing

Ms Marilyn Thatcher-Smith, Carers Association of WA Inc

Ms Anne Reimers, Miscellaneous Workers' Union

Ms Pamela Richardson, Aged Care WA

Ms Laura Tolliday, Council on the Ageing

Ms Maureen Helen, AdvoCare

Mr Frank Schaper, Alzheimer's Association of WA

Ms Kathy Kiernan, WA Directors of Nursing

Ms Yasmin Naglazas, Australian Nursing Homes and Extended Care Association

Mr Cliff Raynor, Aged Care WA

Ms Janice Vickery, Aged Care Standards Agency WA



5. REVIEW OF OPERATIONS

The Agency has three core functions: accreditation, education and risk management.

The Agency receives a grant from the Commonwealth government, through the Department of Health and Aged Care, to enable it to perform these functions. The Agency is required to report regularly to the Minister and to the Department on its activities and financial performance, as well as to provide information from time to time in relation to specific inquiries.

Accreditation

In the lead-up to accreditation a number of information and education activities took place, and processes were established to facilitate accreditation.

In the period July 1998 - June 1999:

- The Accreditation Guide and Application Kit (*incorporating self-assessment tool*) were launched and distributed to all services
- Quality Society Australasia-Register of Certified Auditors (now known as QSA Recognition Services) were appointed as the Agency's independent registrar of aged care quality assessors
- A national training curriculum for quality assessors was developed
- Training courses were developed and contracted out (Australasian Auditing and Certification Services Pty Ltd (AACCS) and ETRS Pty Ltd were approved as course providers)
- Documented (draft) policies and procedures were developed for quality assessors and orientation and training was provided
- Education and information sessions on accreditation were delivered (see following section).

During the period, more than 20 per cent of all residential aged care services in Australia submitted their application dates to the Agency, even though the legislative base for accreditation was yet to be finalised. This would seem to indicate a high level of commitment to quality improvement by the industry, motivated by the pursuit of excellence rather than simply regulatory compliance.

Education and training

Information sessions

Between October and December 1998, more than 120 accreditation information sessions were held in more than 60 locations across Australia. Over 60 per cent of all services were represented, and more than 6,000 people attended. The information session program was fully subsidised by the Commonwealth Government.

An interactive accreditation information session was broadcast on Sky Channel in December, primarily for the benefit of rural and remote services. The actual audience number is unknown, however, the Agency is aware of 300 services that made special arrangements to view the broadcast. An edited video of the broadcast has been produced for sale (below cost, @ \$35) with almost 500 copies sold. A similar broadcast was presented via Westlink in February, to over 70 services in rural and remote Western Australia.



Other achievements include:

- Establishment of the Education Advisory Panel (see *People* section)
- Establishment of an Agency internet web-site
- A regular newsletter, *The Standard*, sent to all services and peak industry and consumer representatives (the Agency's initial newsletter was called *The Agency Update*), containing information on Agency activities, articles by service providers on their own experiences with quality improvement and items of interest to the aged care sector. A specialist consumer newsletter, *The Advocate*, was sent to consumer representatives, seniors' organisations and advocacy services in December, and will be published twice a year. Recipients of *The Advocate* also receive *The Standard*
- Presentations by Agency Directors, managers and staff to seminars, conferences and individual services.

Support visits

An important activity has been the education focused support visits to individual services, where assessors spend time with staff of the facility on areas either raised as concerns by the facility (eg. how to conduct the self-assessment) or identified by the assessors as requiring improvement (based on previous assessment visits). In many cases, a presentation involving a general overview of accreditation and continuous quality improvement is also given.

550 support visits were conducted. Ninety-five per cent of respondents to feedback questionnaires indicated satisfaction with their support visit.



Visit to Halls Creek



Risk management

All residential aged care services in receipt of Commonwealth funding in the reporting period were required to comply with the Residential Care Standards, as set out in the *Quality of Care Principles 1997*, under the *Aged Care Act 1997*.

Each standard has a number of related expected outcomes. For example, the standard 'resident lifestyle' has 10 expected outcomes, including privacy and dignity, emotional support and independence. The overarching principle for that standard is "Residents retain their personal, civic, legal and consumer rights, and are assisted to achieve control of their own lives within the residential care service and in the community".

The Agency took over the monitoring for standards compliance from the Department in mid-1998 and by July 1998, with the gazetting of the *Accreditation Grant Principles 1998*, the Agency was wholly responsible for this task.

In determining the priority of assessment and support visits, the Agency used the following indicators:

- Services 'handed over' by the Department assessed as not compliant with the Residential Care Standards (previously referred to as 'facilities of concern')
- Referrals from the Complaints Resolution Scheme
- Other risk indicators, including:
 - The length of time since the last visit
 - Change of ownership of the service
 - Change of director of nursing
 - The results of previous assessments.

Depending on the circumstances of the service, full or partial assessments were conducted, or support/education visits were made. Where a support visit identified areas of concern, a full or partial assessment would be scheduled.

Table 1 shows the compliance activity of the Agency for the period 1 July 1998 - 30 June 1999. It can be seen that a total of 884 visits were made in the period, including 210 full assessments and 84 partial assessments.

Under-performance

Rating a standard is calculated from the ratings given to each expected outcome in that standard. Ratings for outcomes and standards are explained in Table 2.

When, as a result of its assessment, the Agency identified any serious risk or unacceptable outcomes, the service was notified of the improvements required to address the risk or problem/s identified. Services would remain on the Agency's risk management program and the Agency would conduct ongoing supervision and assessments until all standards were satisfied. When the agreed timetable for improvements was not met, the Agency was required to notify the Department of Health and Aged Care and recommend that sanctions under the Act be imposed on the approved provider.



If serious risk was identified, the Department of Health and Aged Care would be notified immediately, and the Agency and Department worked closely to monitor the service.

During the period, a total of 20 services had standards rated 'serious risk'. Of those, two closed down and one improved to achieve compliance in its subsequent assessment. The majority of the remaining 17 services either achieved compliance after the reporting period, or were expected to achieve compliance in the near future.

The serious risk-rated services were in Victoria (14 services), South Australia (three services), Western Australia (two services) and Tasmania (one service).

While there were and still are some residential aged care services not meeting the legislated standards, they represent a small minority.

Of the 122 services referred by the Department as 'not compliant with the Residential Care Standards', 74 were successful in undertaking the Agency risk management program during the reporting period and are now preparing for accreditation. The remainder continued to be supervised by the Agency.

The Agency has been impressed by the significant improvements achieved by the industry as a whole. The Agency is confident that its own education and training activities, and the benchmarks set by the outstanding services, will act as levers to continuous quality improvement and higher standards in residential aged care.



Table I

REPORT ON MONITORING ACTIVITY

National Total
July 1998 - June 1999

	Source of referral for inclusion in Agency Monitoring Program - Numbers			
	From DHAC Services assessed not compliant with Residential Care Standards	From Complaints Unit - Serious and/or systemic complaints	Other Agency risk indicators	TOTALS
a. Number of facilities on Agency's Monitoring Program (as at 1 st of Month/ or beginning of period) requiring further Agency action	0	0	0	0
b. Number of facilities added to Agency Monitoring Program during the month/period	122	41	515	678
c. Number of facilities removed from Agency Monitoring Program during the month/period due to: i) satisfying standards or ii) other	74	19	319	412
d. Number of facilities on the Agency's Monitoring Program to be carried forward for continuing action (=a + b - c)	48	22	196	266
e. Number of full assessment visits conducted in the month/period	71	25	114	210
f. Number of partial assessment visits conducted in the month/period	56	2	26	84
g. Number of reports published in month/period (full and partial)	71	14	92	177
h. Number of Support/Supervision interventions conducted in month /period under report:				
Desk	107	30	154	291
Visit	123	42	385	550
i. Number of facilities referred for DHAC action	14	4	15	33*

*Note — The 33 referrals to the Department for action includes some facilities referred on multiple occasions



Table 2:

Rating outcomes for monitoring

An outcome would be scored:

Commendable:

If the services policies and practices meet the expected outcome. This would be indicated by the service providing evidence that:

- All criteria are satisfied
- There is evidence of continuous improvement
- There is no area of major health or safety risk nor major concern about residents' well-being

And

- There is a consistent level of achievement of the outcome.

The service should also be able to provide examples of:

- Innovation and creativity for this outcome
- Innovative alternatives to local circumstances or difficulties.

Satisfactory:

If the services policies and practices generally meet the expected outcome and there are only minor deficiencies which can be rectified within an agreed time frame. The service would:

- Be able to provide evidence of an adequate corrective plan currently being implemented to rectify the deficiency within a reasonable time

And

- Have no major areas of health or safety risk nor major concern about residents' well-being.

Unacceptable:

If the service's policies and practices partially meet the expected outcome,

And

- There are no serious risks to health, safety and wellbeing of residents; and
 - There is no plan in place to address minor deficiencies

Or

- There are major deficiencies which will take considerable time to rectify.

Serious risk:

If failure by the service to comply with the Residential Care Standards has placed or may place the safety, health or wellbeing of persons receiving care through the service at serious risk.

Overall rating for standards

A standard would be rated:

Commendable if a service scores at least one commendable rating for an outcome and no unacceptable or serious risk ratings in the standard.

Satisfactory if a service scores fewer than three unacceptable outcome ratings in the standard and all other outcomes satisfactory or commendable or by scoring all outcomes satisfactory.

Unacceptable if a service scores three or more unacceptable outcome ratings in a standard.

Serious risk if there are any serious risks to the health, safety and wellbeing of residents.



6. COMMITMENT TO QUALITY

The Agency has an absolute commitment to quality and has invested a great deal of time and energy over the last 12 months into developing quality management systems, and a rigorous strategic and corporate plan to drive the Agency's work.

Business excellence

The Agency plans to apply for recognition under the Australian Quality Awards (managed by the Australian Quality Council) and aims to reach 'Achievement at Business Excellence' by September 2000, improving to reach Quality Award level by September 2002. Like accreditation, seeking recognition under the Australian Quality Awards requires the applicant to undertake comprehensive self-assessment and continuous improvement, and to demonstrate results, and to have this externally evaluated.

The Agency executive team commenced self-assessment using the Australian Quality Awards for Business Excellence Framework, in November 1998. This work was followed up by an Agency-wide series of workshops, using a pilot program, developed by the Australian Quality Council, IDSA. IDSA — internally directed self-assessment — is a tool to assist small organisations carry out self-assessment, using the Business Excellence Framework, and it involves the capture of data through facilitated workshops and structured questionnaires.

Further work was undertaken in analysing the results of the IDSA workshops and preparing priority action plans to continue the process.



NSW/ACT Staff Workshop

Strategic planning

The Board set the strategic direction for the Agency in the establishment phase and has undertaken further work in guiding the strategic and corporate planning activities of the Agency. The legislative framework



clearly establishes the Agency's operating environment, and the Agency's relationship with the Commonwealth government, through the Department of Health and Aged Care, further clarifies the strategic and corporate goals.

A rigorous corporate planning process, based on the achievement of core functions, was undertaken to ensure a clear focus in the Agency, by staff at all levels, that all Agency activities contribute to the achievement of our core objectives and add value to our business and our stakeholders.

As a part of our continuous improvement cycle, the corporate plan is regularly reviewed and updated.

Values

Considerable time was invested by the Board and staff of the Agency to develop a clear and concise articulation of the Agency's values. It was important for us to understand what our stakeholders wanted from us, as well as to make clear what we, as the Agency, considered essential to achieving our work with integrity.

Our values guide us in our behaviours and decision making in achieving a quality service to our internal and external customers. These values are:

Leadership

This means:

All staff of the Agency have the potential to provide leadership in the areas of their specific skills. Together we provide leadership by inspiring excellence, through information sharing, education and by our own example. We wish our own organisation to be a role model in quality improvement.

Professionalism

This means:

We conduct ourselves in a professional and ethical manner, respecting other people and other points of view. We all work together as a team, valuing each other's skills and knowledge. Our approach is consistent with our vision, mission and values.

Accountability

This means:

We are accountable to our stakeholders and to each other. We provide value for money through quality products and efficient practices. Our processes are fair, consistent and transparent.

Openness

This means:

We are open in all our business practices and encourage sharing of information between our stakeholders and each other. Consultation is based on trust, good communications and the recognition of stakeholder diversity. We are open to new ideas and ways of doing things, and we regard honest mistakes as learning opportunities.

Quality

This means:

Our internal processes ensure quality outcomes. We are committed to continuous improvement in our own practices as well as promoting quality externally. We identify and promote best practice and innovation.



7. DIRECTORS' REPORT

Your directors submit the financial accounts of the entity for the financial year ended 30 June 1999.

Directors

The names of Directors in office at the date of this report are:

Dr Penny Flett

Mr Peter Toohey

Mr John Lang

Professor Priscilla Kincaid-Smith, AC

Mrs Betty Johnson

Mr Terry Healey

Mr Jim Longley

Mr James Harrowell (Appointed 1/7/99)

Mr Henry Williams (Appointed 1/7/99)

Principal activities

1. Management of the residential aged care accreditation process;
2. Assistance to services to improve service quality through education and training, information dissemination and identification of best practice to promote and encourage better quality care;
3. Conduct assessments and strategically manage services not yet ready for accreditation, including management of facilities of concern and those facilities where complaints or regular liaison suggest there may be systemic under performance against the Residential Care Standards; and
4. Liaison with the Department regarding those services identified as not meeting the Residential Care Standards.

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

Operating results

The operating loss amounted to \$1,338,267

Dividends are not applicable for this entity as no beneficial interest exists.

Significant changes in state of affairs

The resourcing of the Company has increased over the year in preparation for Accreditation.

After balance date events

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



Areas of risk and likely developments

As the Agency's function is entirely driven by legislation, any material changes to related legislation would have an impact.

The Agency's expenditure budget is predicated around the assumption that revenues would be driven by the Agency's ability to charge fees for its accreditation service. At the time of this report, the *Accreditation Grant Principles 1999*, which include the fee schedule, still await completion of the political process.

The Agency's cost structure has been materially impacted by non-exemption from indirect taxes such as sales tax, FBT and payroll tax.

Our Y2K strategy is based on an overall risk management assessment, which has categorised five risk areas:

- Key technology suppliers
- State business critical suppliers
- National organisations
- Utilities
- Revenue sources.

Each of these areas has been addressed with a specific plan which will be complete by October 1999.

Audit Committee

The Committee's responsibilities are to:

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

Meetings of Directors

During the financial year 10 meetings of Directors and five meetings of the Audit Committee were held. Attendances were:

Directors	Directors' Meetings	Audit Committee Meetings
Dr Penny Flett	10	0
Mr Terry Healey	7 <small>Note 1</small>	0
Mrs Betty Johnson	10	0
Mr Peter Toohey	10	0
Mr John Lang	10	5
Mr Jim Longley	9	5
Professor Kincaid-Smith	8 <small>Note 2</small>	0

- Note 1 Absence due to ill health
- Note 2 Absence due to overseas travel



Directors' and officers' indemnification

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

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

During or since the financial year the company has paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company. The amount of the premium was \$10,785 for all directors and officers.

Directors' benefits

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

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

Signed in accordance with a resolution of the Board of Directors

M. J. Pitt
..... Director

[Signature]
..... Director

Dated this *9th* day of *September* 1999



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 1999

	Note	1999 \$	1998 \$
Operating profit or (loss)	2	(1,338,267)	3,440,006
Retained profits at the beginning of the financial year		3,440,006	-
Retained profits at end of the financial year		2,101,739	3,440,006

The accompanying notes form part of these financial statements.

BALANCE SHEET AS AT 30 JUNE 1999

	Note	1999 \$	1998 \$
Current Assets			
Cash	6	1,406,321	3,172,743
Other	8	55,957	17,085
Total Current Assets		1,462,278	3,189,828
Non-Current Assets			
Property, plant and equipment	7	1,599,891	617,599
Total Non-Current Assets		1,599,891	617,599
Total Assets		3,062,169	3,807,427
Current Liabilities			
Accounts payable	9	467,512	333,196
Provisions	10	445,451	27,983
Other	11	47,467	6,242
Total Current Liabilities		960,430	367,421
Total Liabilities		960,430	367,421
Net Assets		2,101,739	3,440,006
Equity	12		
Retained profits		2,101,739	3,440,006
Total Equity		2,101,739	3,440,006
Capital and leasing commitments	13		

The accompanying notes form part of these financial statements.



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 1999

Cash Flows from Operating Activities	Note	1999 \$	1998 \$
Receipts from customers		6,993,164	4,778,131
Payments to suppliers and employees		(7,549,839)	(969,408)
Interest received		115,844	29,203
Net cash provided by (used in) operating activities	5	(440,831)	3,837,926
Cash flows from investing activities			
Purchase of Fixed assets		(1,377,091)	(665,183)
Sale of Fixed Assets		51,500	—
Net cash provided by (used in) investing activities		(1,325,591)	(665,183)
Net Increase (Decrease) in cash held		(1,766,422)	3,172,743
Cash at 1 July 1998		3,172,743	—
Cash at 30 June 1999	6	1,406,321	3,172,743

The accompanying notes form part of these financial statements.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1999

NOTE 1: STATEMENT OF ACCOUNTING POLICIES

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

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

Income tax

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

Property, plant and equipment

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

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

Leases

No finance leases are held.

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

Employee entitlements

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

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



Cash

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

- Cash on hand and in all call deposits with banks or financial institutions, net of bank overdrafts; and
- Investments in money market instruments with less than 14 days to maturity.

Comparative figures

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

Note 2A: Operating Profit

Operating profit has been determined after:

1. Charging as expenses

	1999 \$	1998 \$
Movements in Provisions		
Depreciation of non-current assets:		
Property, plant and equipment	346,966	47,585
Other provisions:		
Employee entitlements	528,348	27,983
Net expense resulting from movement in provisions	875,314	75,568
Net profit on sale of fixed assets	(3,667)	-
Rental expense on operating leases	572,605	44,222

2. Crediting as income

	1999 \$	1998 \$
2. B. Operating Revenue		
Interest received	115,844	29,302
Training Revenue	50,164	-
Proceeds on disposal of property, plant and equipment	51,349	-
Government grants received	6,943,000	4,864,965
Less DHAC Expense offset	-	86,834
Net Grant	6,943,000	4,778,131



Note 3: Remuneration and Retirement Benefits

	1999 \$	1998 \$
Directors Remuneration		
Income paid or payable to all directors	139,100	79,646
\$10,000 - \$19,999	6	6
\$30,000 - \$39,999	1	1
The names of directors who have held office during the financial year are:		
Dr Penny Flett		
Mr Terry Healey		
Mr Peter Toohey		
Mr John Lang		
Mr Jim Longley		
Mrs Betty Johnson		
Professor Priscilla Kincaid-Smith		

Note 4: Auditors Remuneration

	1999 \$	1998 \$
Auditing or reviewing the accounts	13,000	9,000



Note 5: Reconciliation of Cash Flow from Operations with Operating Loss

	Note	1999 \$	1998 \$
Operating Loss		(1,338,267)	3,440,006
Non-cash flows in operating profit			
Depreciation		346,966	47,585
Changes to provisions		417,468	27,983
Gain on sale of fixed asset		(3,667)	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries			
Increase in prepayments		(38,872)	(17,086)
Increase in trade creditors and Accruals		175,541	339,438
Cash flows from operations		(440,831)	3,837,926

Note 6: Cash

	Note	1999 \$	1998 \$
Cash at bank		1,406,321	3,172,743



Note 7: Property, Plant and Equipment

	Note	1999 \$	1998 \$
Furniture & fittings			
At cost		935,541	315,669
Accumulated depreciation		<u>(143,747)</u>	<u>15,783</u>
		791,794	299,886
Computers			
At cost		742,861	247,847
Accumulated depreciation		<u>(215,495)</u>	<u>24,785</u>
		527,366	223,062
Office Equipment			
At cost		138,050	48,693
Accumulated depreciation		<u>(27,588)</u>	<u>3,043</u>
		110,462	45,650
Motor Vehicles			
At cost		—	52,974
Accumulated depreciation		—	<u>3,973</u>
			49,001
Capital in Progress		170,269	—
Total property, plant and equipment		1,599,891	617,599

Note 8: Other Assets

	Note	1999 \$	1998 \$
Current Prepayments		55,957	17,085



Note 9: Accounts Payable

	Note	1999 \$	1998 \$
Current Unsecured liabilities Trade creditors		467,512	333,196

Note 10: Provisions

	Note	1999 \$	1998 \$
Current Employee entitlements		445,451	27,983

Note 11: Other Current Liabilities

	Note	1999 \$	1998 \$
Unearned Income		29,985	—
Accrued expenses		17,482	6,242

Note 12: Issued Capital

The Company is limited by guarantee. If the company is wound up, the memorandum of association state that each member is required to contribute a maximum of \$5 each towards meeting any outstanding obligations of the company. At 30 June 1999 the number of members was five (1998 seven).



Note 13: Capital and Leasing Commitments

	Note	1999 \$	1998 \$
(a) Operating Lease Commitments			
Non-cancelable operating leases contracted for but not capitalised in the accounts			
Payable:			
Not longer than 1 year		518,484	26,635
Longer than 1 year but not longer than 2 years		582,392	380,880
Longer than 2 years but not longer than 5 years		441,395	768,074
Longer than 5 years		—	—
(b) Capital expenditure Commitments			
Capital expenditure commitments contracted for:			
Plant and equipment purchases		352,000	66,671

Note 14: Financial Instruments

Financial assets

Cash and deposits are recognised in the Balance Sheet at their nominal value. Interest is credited to revenue as received. The effective interest rate for cash deposits at 30th June was 3.75%.

Financial liabilities

Liabilities are recognised for amount to be paid in the future for goods and services received, whether or not billed. Trade creditors are normally settled within 30 days.

Note 15: Economic Dependency

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



STATEMENTS BY DIRECTORS

In the opinion of the directors of the company:

1. (a) The Profit and Loss account gives a true and fair view of the profit or loss of the company for the financial year;
- (b) The Balance Sheet gives a true and fair view of the state of affairs of the company as at the end of the financial year; and
2. At the date of this statement, there are reasonable grounds to believe the company can meet its debts as and when they fall due.

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


..... Director


..... Director

Dated this 9th day of September 1999

INDEPENDENT AUDIT REPORT

To the members of the Aged Care Standards and Accreditation Agency Limited

Scope

I have audited the financial report of the Aged Care Standards and Accreditation Agency Limited for the financial year ended 30 June 1999. The financial report comprises:

- Profit and Loss Account;
- Balance Sheet;
- Statement of Cash flows;
- Notes to and forming part of the Financial Report; and
- Statement by Directors.

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

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

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

Audit Opinion

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

- (a) the Corporations Law, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 1999 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements.

Australian National Audit Office



Paul Hinchey
Senior Director

For the Auditor-General

Sydney
10 September 1999