

# Annual Report

# 2003-2004



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

© Aged Care Standards and Accreditation  
Agency Ltd

ISSN 1447 – 4123

This work is copyright. It may be reproduced in whole part subject to the inclusion of an acknowledgment of the source and no commercial usage or sale. Reproduction for purposes other than those indicated above, requires the written permission of the Agency.

The Aged Care Standards and Accreditation Agency's Annual Report 2003-2004 can be accessed via the internet at: <http://www.accreditation.aust.com>

Enquiries about the content of this report should be directed to:  
The Editor  
Annual Report 2003-2004  
The Aged Care Standards and Accreditation Agency Ltd  
PO Box 773  
Parramatta NSW 2124

Telephone (02) 8831 1016  
Facsimile (02) 9633 2422

Email [national@accreditation.aust.com](mailto:national@accreditation.aust.com)

Designed by Fabric Enterprises Pty Ltd

**Printed by Focus Press**

# Contents

<b>MESSAGE FROM THE CHAIRMAN</b>	<b>2</b>
----------------------------------	----------

<b>MESSAGE FROM THE CHIEF EXECUTIVE OFFICER</b>	<b>4</b>
---	----------

## **PART ONE**

### **Who we are**

Vision	8
Mission	8
Overview of the Agency	8
Role and functions	8
Agency structure	9
Our people	12

## **PART TWO**

### **What we do**

Accreditation overview	16
Education, training and information	24
Feedback	26

## **PART THREE**

### **Financial Statements**

Directors' Report	30
Directors' Declaration	35
Independent Audit Report	36
Statement of Financial Performance	38
Statement of Financial Position	39
Statement of Cash Flows	40
Notes to Financial Statements	41

### **Appendices**

1. Contact details:	53
Agency offices	
II. Department of Health and Ageing	
III. Quality Society of Australia	
2. National Agency Liaison Group	54

### **Figures and Tables**

Figure 1: Organisation chart	10
Table 1: Agency staff as at 30 June 2004	13
Table 2: Accreditation status as at 30 June 2004	17
Table 3: Agency performance 2003-2004	22

# Message from the Chairman

*"I want the Agency to work with providers and staff to make a difference to the quality of life for residents in aged care homes. We should be seen as world leaders in the way in which we look after our senior Australians."*

It is my privilege to present to you, in our seventh year, the annual report for 2003-2004.

Throughout the year The Aged Care Standards and Accreditation Agency Ltd (the Agency) continued to play a vital role in raising the standards of care in Commonwealth-funded aged care homes in Australia. This role is balanced with the need to ensure homes comply with the Accreditation Standards, and look at better meeting the changing needs and preferences of residents.

The rapidly changing demands and long-term prospects of the industry were reviewed by Professor Warren Hogan in a report *Review of Pricing Arrangements in Residential Aged Care*, presented to the Australian Government in April 2004. Some of the recommendations related to the Agency. In particular, Professor Hogan said the Agency's role should be directed mainly to the accreditation of services and the dissemination of accreditation results. The report recommended the Agency significantly improve its focus on supporting informed consumer choice and consumer input into monitoring standards.

Following the end of Round Two of accreditation, the feedback about our performance continues to be positive.

The overwhelming majority of the 2,949 homes do comply with the standards. During the reporting period, 21 homes were recognised for exceeding the requirements of the Accreditation Standards and received higher rating awards.

There is no doubt that the emphasis is now moving away from meeting standards, to seeking continuous improvement in aged care homes as a matter of course.

The *Accreditation Grant Principles 1999* require the Agency to promote high quality care and help industry improve service quality by identifying best practices and providing information, education and training.

With the creation of a dedicated education division, a number of new activities have emerged in response to industry needs. During 2003 the Agency conducted a half-day seminar series *Turning Data into Action* in 68 locations and attended by 1,507 aged care staff.

I was delighted to launch the first satellite television education program on dementia on 26 May. This was in response to a need to deliver education programs to rural and remote areas of Australia. With the support of a grant from the Australian Government, and the support of the Aged Care Channel, Anglican Retirement Villages and the University of Technology Sydney, 96 homes were connected to view the six programs and a pilot group received accompanying distance education resources.

The first three of six Better Practice seminars were held in Adelaide, Hobart and Sydney, highlighting examples of better practice in award-winning homes, as well as industry innovation. There has been overwhelming support and feedback from these events, which has helped with the planning of the final three in the series during the latter part of 2004.

The Agency continues to rigorously examine its own performance. In May 2003, the Australian National Audit Office provided a report on the accreditation process, which included six recommendations. All of these have been actioned, and are reported on in greater detail by the Chief Executive Officer.

During the reporting period, the Agency has been preparing for certification of its processes and systems to ISO 9001:2000.

I am also pleased to note that the Joint Committee of Public Accounts and Audit (JCPAA) held a public hearing to examine the Audit Report on accreditation in August 2003. The JCPAA noted "many of the earlier problems associated with maintaining accreditation standards deriving from the peaking of the Agency's workload...are now being resolved. The committee is satisfied that an acceptable level of consistency was achieved during the second cycle of accreditation which is now complete".

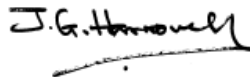
The Minister for Ageing, the Hon Julie Bishop, MP, has appointed two new Directors to the Agency Board. Mrs Rhonda Parker, from WA, and Dr Michael Bollen AM, from SA, were appointed for three

years from 17 June 2004. The Minister has also re-appointed Mr John Lang, OAM, for three years from 15 July. My own appointment has been extended for three years from 17 June 2004.

On behalf of the Board and Agency staff I pay tribute to three Directors whose terms ended during the financial year – Professor Priscilla Kincaid-Smith AC, and Mrs Betty Johnson, AO, who had been on the Board since its inception in September 1997, and Mr Henry Williams, who served five years. I acknowledge the commitment and diligence shown by all the Directors and thank them for their efforts in what has been a busy year.

The Board also welcomes the Minister's approval of its recommendation to extend the contract for the CEO Mr Mark Brandon, to 12 July 2007. Mr Brandon has developed and introduced a significant change program in the Agency, and his leadership will be vital in the coming year as the Agency moves towards Round 3 of accreditation and the expansion of its activities.

I commend the dedication of all the Agency people. Without their commitment we would not have made the achievements we did during 2003/4. The foundation has been laid to work in collaboration with all stakeholders to support and maintain the quality of care during the next peak of accreditation activity.



Jim Harrowell  
CHAIRMAN

# Message from the Chief Executive Officer

The past year has been one of consolidation, review and process improvement for the Agency.

There were 2,949 accredited homes as at 30 June 2004, of which, 90% were awarded at least three years' accreditation. More than 95% of homes had achieved full compliance with the Accreditation Standards by 30 June, and of those that did have some non-compliance, about half were non compliant in only one expected outcome.

## Consolidation

Since we commenced operations in 1997, we have collected feedback from aged care homes to analyse our performance in accreditation and education, and to help identify areas for improvement. An independent review of the second round of accreditation was commissioned, and the early report of this research indicates high levels of satisfaction with our performance.

The Commonwealth has appointed the Agency as the accreditation body under the *Aged Care Act 1997*. This is reflected in a Deed of Funding, signed by the company and the Department of Health and Ageing in June.

## Review

The Australian National Audit Office report *Managing Residential Aged Care Accreditation* (May 2003) found we played a vital role in aged care. As reported last year we agreed to the six recommendations in the report, and have now substantially implemented the recommendations. Recommendation 5 of the report was that

the Agency and the Department plan an evaluation of the impact of accreditation on the quality of care in the residential care industry. In March 2004 a tender was called nationally for this evaluation. The tender closed on 17 May and an evaluation team is assessing and recommending a preferred tender. The project should be completed during the next financial year.

We have strengthened our quality assurance systems, introduced new systems, updated assessor training and centralised some functions over the past year to promote accuracy in assessment and decision-making. We have refined our financial management and reporting systems. We have introduced a business case approach to the evaluation of significant projects. Common state office structures, forecast in the last year's report have now been put in place.

As part of our own review processes we continue with routine exit questionnaires, undertake independent assessments, and a robust complaints management system is now in place.

In a move to improve communication between all staff and provide access to common sets of policies and procedures, our intranet site was launched in June.

We are currently undergoing the certification of our systems against the ISO 9001:2000 standard, with final audits due in September 2004.

In addition, the national office moved to new premises at 111 Phillip Street, Parramatta, sharing accommodation

with the NSW office, with a subsequent reduction in space, shared facilities, and savings in accommodation costs.

### **Continuous improvement**

As our systems and processes mature we have put in place a number of initiatives designed to improve the efficiency and effectiveness of our performance. These include identifying homes with a significant change in compliance levels over a short time and understanding those reasons so we can support activities to prevent it where possible. In addition we are piloting a more targeted approach to support contacts, introducing a case management approach to monitoring compliance and introducing observers on 10% of all audits. Assessor training has been upgraded, and a new assessor structure should provide better leadership and accountability.

The Agency developed its education plan during 2003 following an industry needs analysis, and feedback from many providers who said our activity in this area was deficient. Education and information sharing activities over the past 12 months have included the first three of six Better Practice seminars in all states, a book which showcases 35 higher award homes, satellite television programs on dementia, and a series of seminars on *Turning Data into Action* at 68 locations and attended by 1,507 staff during the latter part of 2003.

Consumer information has been provided through 40 sessions across Australia earlier this year and we have produced two consumer information brochures about quality of care.

### **Outlook for 2004-2005**

The Deed of Funding, establishing new performance indicators and funding for the next four years, was signed on 28 June 2004. This provides us with new performance challenges and reconfirms our role in the provision of accreditation services and education.

As a result of the Hogan Report into aged care, and subsequent Federal Government funding, the Agency is working with the Department of Health and Ageing on a project to develop a common aged care website. Discussions have commenced about the technology required. During the year we can expect to see content reviewed and defined.

In summary, we move into another peak period of accreditation, well prepared to build on the performance and feedback from our customers and stakeholders from the previous round.

I am continually gratified and appreciate the dedication and commitment of our people who understand the focus of our work is to improve the quality of life for aged care residents through the Accreditation Standards.



Mark Brandon  
CHIEF EXECUTIVE OFFICER





Part one

# Who we are

- **Vision statement**
- **Mission statement**
- **Overview of the Agency**
- **Role and functions**
- **Agency structure**
- **Our people**

## Vision Statement

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

## Mission Statement

Our mission is to:

- promote innovation and best practice
- accredit organisations that meet the standards
- work with clients to continually improve their services
- provide information about industry performance
- provide education directed at improving practice
- inform and educate.

## Overview of the Agency

*The Agency is a company established by the Australian Government and appointed as the accreditation body under the Aged Care Act 1997.*

*The Agency is an independent company, wholly owned by the Australian Government, established under Corporations Act 2001 and the Commonwealth Authorities and Companies Act 1997.*

## Role and functions

The core functions of the Agency are set out in the *Accreditation Grant Principles 1999*.

These are to:

- manage the residential aged care accreditation process using the Accreditation Standards
- promote high quality care and assist industry to improve service quality by identifying best practice, and providing information, education and training
- assess and strategically manage services working towards accreditation
- liaise with the Department of Health and Ageing about services that do not comply with the Accreditation Standards.

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

## Agency structure

The Agency has responsibilities relating to residential aged care Australia-wide. Its organisational structure reflects this national role, with a national office responsible for policies, procedures and corporate functions, and state offices responsible for delivering the core functions of accreditation and education to aged care homes.

These offices are located in Sydney (national, New South Wales and Australian Capital Territory), Melbourne (Victoria and Tasmania, with a small branch office in Hobart), Brisbane (Queensland), Perth (Western Australia) and Adelaide (South Australia and the Northern Territory). Each main office has an executive level manager responsible for its activities. Contact details for each office can be found at **Appendix 1**.

The Board of Directors has overall responsibility for the Agency's strategic direction and performance. The Board's role is corporate governance: ensuring that the Agency fulfils the functions specified in its agreement with the Commonwealth and in accordance with the requirements of legislation, and ensuring proper prudential management of its funds. Details of the Board for the period 2003-2004 are included in the Directors' Report in Part 3.

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

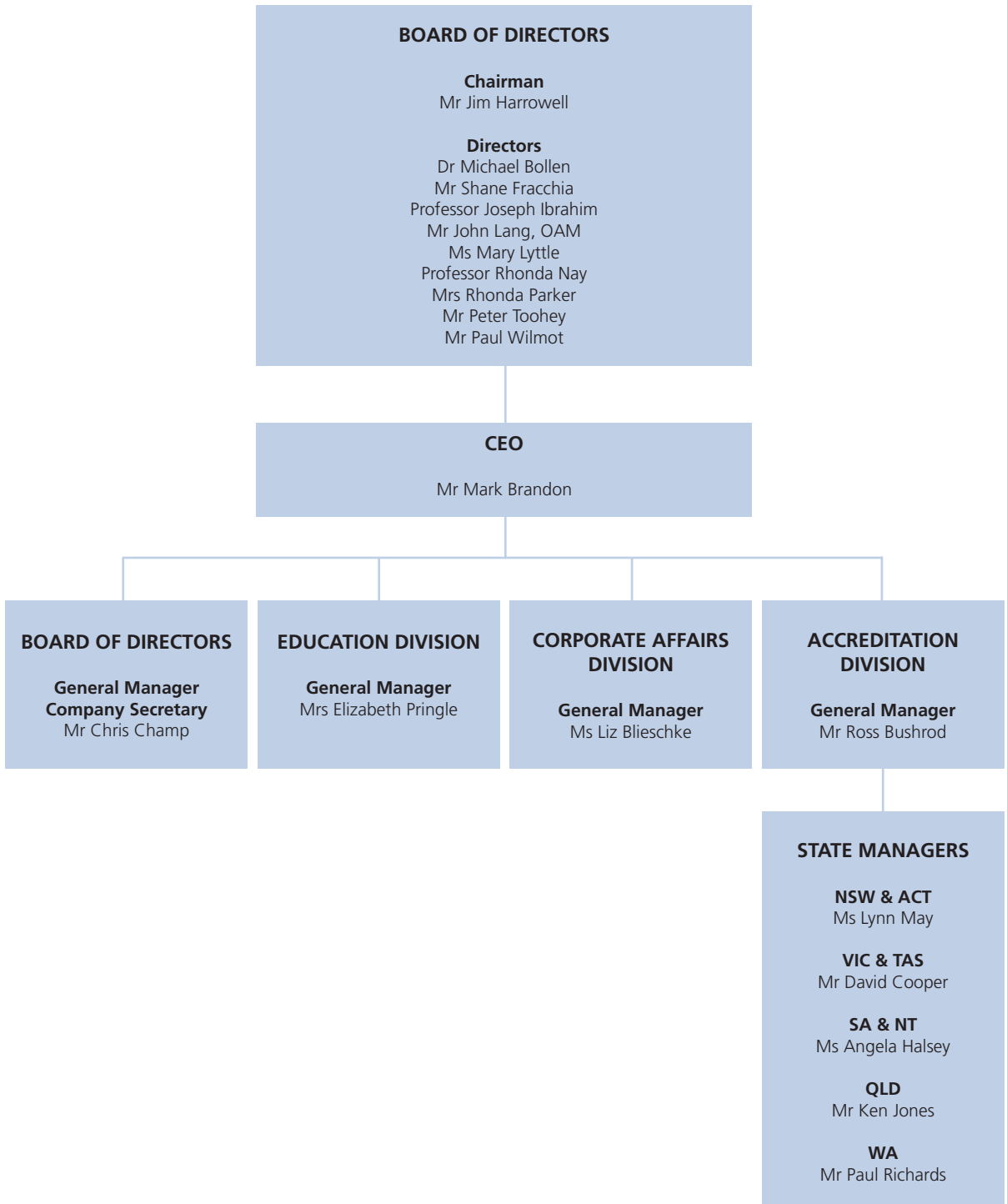
During 2003-2004, the Agency undertook an extensive restructure of its operations and organisation. The main aims of the restructure were:

- to standardise state office structures to reflect a national approach to the management of Agency operations and job classifications and salaries
- to strengthen quality assurance programs
- to centralise and strengthen corporate services functions; and
- to provide more robust national management of its core functions.

The management structure comprises the primary business units of Accreditation and Education. The Corporate Affairs and Corporate Services divisions support these business units. The Chief Executive Officer, divisional General Managers and State Managers, form the National Leadership Team.

The organisation chart of the Agency as at 30 June 2004 is illustrated at **Figure 1**.

Figure 1: Organisation chart as at 30 June 2004



## Relationship with the Department of Health and Ageing

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

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

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

The Agency and the Department of Health and Ageing have a protocol regarding actions each organisation takes where non-compliance is identified or suspected. An aspect of the protocol is to support co-ordination of actions to deal with non-compliance. When the Department refers information to the Agency about

complaints and other matters, the Agency considers it to determine what action is appropriate.

The Agency informs the Department of any non-compliance identified during audits. In addition, homes that fail to rectify non-compliance within a timetable for improvement imposed by the Agency are referred to the Department. The Department then decides on the action that it should take. This may include whether or not to impose sanctions.

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

## Management approach

The Agency is committed to the continuous improvement of its own processes and uses the feedback provided by its stakeholders to guide improvements. The Agency has established systems to invite feedback on its activities. All accredited aged care homes are invited to comment on the accreditation process and make suggestions for improvement.

The legislative framework establishes the Agency's operating environment. The Department of Health and Ageing Portfolio Budget Statements in relation to aged care inform the Agency's strategic and corporate goals. Under the *Accreditation Grant Principles, 1997*, the Agency is an independent decision-maker. Decision-making is delegated by the Chief Executive Officer to various employees of the Agency.

## Our people

The Agency staff establishment is 129.42 full-time equivalents (FTE) as at 30 June 2004.

Of the 364 quality assessors on the Quality Society of Australasia (QSA) register, 61 are permanently employed by the Agency. The balance is used on a contract or casual basis to meet the workload demands.

The Agency has offered an employee assistance program since its inception. This program offers a confidential counselling service for work and non work-related issues for staff and their families.

## Restructure

A significant restructure of the Agency's state offices was conducted over the year to better align the state offices with the Agency's business needs. This has resulted in a much more unified and consistent approach to our core functions.

The restructure included standardising reporting arrangements, job titles and position descriptions as well as human resources policies. It also involved a review of the Agency's salary structure to reflect business needs and the labour market.

A number of human resources policies were also established and placed on the Agency's newly-developed intranet, making them easily accessible for all staff.

## Recruitment process

The recruitment process has also been streamlined, with filling of positions being brought in-house to the national office. This has led to considerable savings as well as a more consistent process across the Agency.

## Performance and development process

The coming year will see the continued development of a revised performance and development process to further develop and reward the skills of our people to correspond with their position descriptions.

## Occupational Health and Safety

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

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

In 2003-2004 time lost due to injury amounted to 358.40 hours.

**Table 1: Agency staff as at 30 June 2004 (full-time equivalent)**

	National	NSW	VIC	TAS	QLD	SA	WA	Total
Total	23.6	30.87	28.6	2	17	14.8	12.55	129.42





Part Two

# What we do

- **Accreditation overview**
- **Quality assurance**
- **Education, training and information**
- **Feedback**

## Accreditation overview

Australian Government-funded aged care homes must be accredited in order to receive residential care subsidies from the Department of Health and Ageing. The main processes of accreditation of aged care homes are specified in the *Accreditation Grant Principles 1999* (the Principles) and are described in this section.

## New homes

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

Fifty new homes received accreditation for one year during 2003-04.

## Existing homes

Accredited aged care homes must apply for a further period of accreditation before their current period expires, in order to ensure they continue to receive Commonwealth subsidies. A desk audit and a site audit of the home's performance against the Accreditation Standards are carried out as part of the Agency's assessment and to determine whether to accredit the home, and the period of accreditation.

In the reporting period, 294 applications for further periods of accreditation were received and 879 site audits completed. No homes were refused accreditation. 2,640 homes have three years' accreditation and 303 less than three years. Six homes have accreditation for four years, recognising their consistent and exceptional performance against Accreditation Standards. All homes accredited for four years were granted a commendable award under the Agency's higher rating awards scheme.

**Table 2: Accreditation status of aged care homes as at 30 June 2004**

<b>Accreditation Status</b>	<b>NSW/ACT</b>	<b>QLD</b>	<b>SA/NT</b>	<b>TAS</b>	<b>VIC</b>	<b>WA</b>	<b>All States</b>
Less than one year	1	0	0	0	2	0	3
One year – new homes	18	4	8	1	16	4	51
One year – existing homes	3	9	5	0	10	0	27
Between one and two years	14	5	4	0	10	3	36
Two years	24	25	18	2	33	6	108
Between two and three years	15	34	3	1	10	15	78
Three years	887	422	273	88	738	232	2640
Four years	4	0	1	0	1	0	6
Total accredited services	966	499	312	92	820	260	2949

## Higher ratings

As part of the Agency's commitment to continuous improvement in aged care homes, and to promote better practice, the higher rating awards were developed to recognise homes whose performance consistently provides superior outcomes for residents. The awards are in addition to the accreditation process.

There are five criteria to be met for a higher rating award: responsiveness to residents; leadership; data and measurement; continuous improvement; and innovation. The commendable award has a sixth criterion, benchmarking. A national review panel assesses each submission.

The *commendable* award recognises exemplary resident focus, exceptional care and continuous improvement with measurable results beyond those necessary to achieve accreditation. The home has robust and proven planning and management systems that actively involves all stakeholder groups and drives improvement and excellence; innovation in a number of areas that can be acknowledged as a better practice; and have benchmarking activities.

The *merit* award recognises strong resident focus and superior care; sound quality and planning systems; continuous improvement with measurable results and innovation in at least one Accreditation Standard that can be showcased as better practice.

In the past year, seven homes have applied for a higher rating award, bringing the total number of applications since the awards commenced to 146. Twenty-one

homes have been presented with an award in the reporting period. Eighteen homes were recognised with a merit award and three homes were recognised with a commendable award. As at 30 June 2004, there were four homes with submissions pending.

## Reconsideration and review

The approved provider of a home may seek reconsideration of a decision not to accredit, or of the period of accreditation granted.

If a home is still refused accreditation after reconsideration, or is dissatisfied with a reconsideration decision about the period of accreditation, it may apply to the Administrative Appeals Tribunal (AAT) for review of the decision.

During the reporting period, reconsideration was sought on fewer than four per cent of decisions about accreditation and review audits. Six applications were made for review by the Administrative Appeals Tribunal during the period, four matters were withdrawn and two matters are still before the Tribunal.

## Ongoing supervision

The Agency monitors the performance of all accredited aged care homes to ensure quality care is provided to residents in a way that continues to satisfy the Accreditation Standards. A case management approach is used to determine the type and frequency of contacts and activities undertaken with aged care providers. Monitoring performance includes visits to homes and

consideration of information, such as complaints against homes and information changes that may impact the provision of care and services.

A case management approach was adopted to improve the Agency's ability to ensure the continuity of quality care and services by homes, as well as to assist homes to make improvements. This approach allows the Agency to take prompt and more intensive activities with homes where this is needed.

Visits to homes to monitor their performance may be 'support contacts' or 'review audits'. The Agency also conducts some of its visits at short notice (spot checks).

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

## Spot checks

The Agency arranges random and targeted spot checks. They can either be support contacts or review audits, where homes are given less than 30 minutes notice. Around 15% of all Agency's site visits were conducted as spot checks. In the reporting period, 553 spot checks were conducted.

The Australian community has high expectations of aged care homes, and conducting spot checks is part of a wider program that helps to assure the community that homes provide high quality care at any time of day, any day of the week.

## Support contacts

A support contact is a contact between a registered quality assessor and an aged care home for the purpose of:

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

A support contact may be a visit or occasionally a teleconference (a support contact-desk).

A visit generally lasts from half to one day, and may involve an overview of the home's performance against all the Accreditation Standards, or may be focussed on certain aspects of care or services. In particular, any matters previously identified as needing improvement will be assessed.

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

During 2003-2004, 2,904 support contacts were carried out, of which 2,815 were site visits and 89 were phone contacts.

## Review audits

A review audit is an assessment of the quality of care provided by a home against the 44 expected outcomes of the Accreditation Standards. It includes an on-site visit by an assessment team made up of at least two registered quality assessors and generally takes two to four days.

An assessment team reviews documents, interviews staff, residents, relatives and other relevant people and observes the environment and practices of the home. The Agency may arrange for an assessment team to conduct a review audit of a home if:

- it has reason to believe the home is not complying with the Accreditation Standards
- there has been a change to the home such as a change of ownership or key personnel
- there has been a transfer of allocated places
- there has been a change to the premises of the home, or
- the home has not complied with the arrangements made for support contacts.

At the request of the Secretary of the Department of Health and Ageing, the Agency must arrange a review audit.

During 2003-2004, 86 review audits were conducted, and 82 decisions were made following review audits. Of these decisions, 44 were to vary the period of accreditation, 36 were to not vary accreditation and two were to revoke accreditation.

## Quality assurance

The Agency recognises its effectiveness is reliant on the accuracy of its assessment processes and the quality of its decisions.

During the year it embarked on an ambitious program to review and further develop its quality assurance measures. The major actions were:

- Organisational restructuring including the creation of new positions of Principal Assessor and Assessment Manager in each state office to strengthen the oversight of audits and support contacts and to support the case management approach. A quality assurance function was also established in the Agency's national office.
- Reviewing arrangements for the registration of quality assessors including improved competency specifications, revised training and assessment program.
- Engagement of consultants Westwood Spice to carry out a major independent review of the Agency's performance of Round 2 of accreditation of aged care homes. This review reported very substantial support for the way audits were carried out and for the Agency's conduct of accreditation generally. The results aligned closely with the results of the Agency's own surveys of homes. Information collected in the review will be used to assist planning the arrangements for Round 3 of accreditation.

- Introduction of internal and independent reviews of samples of accreditation decisions and audit reports to evaluate their conformance with Agency standards.
- Introduction of state and national case management committees.

**Table 3: Agency Performance 2003-2004**

Indicator	Target 2003-2004	Result For Period 1 July 2003-30 June 2004
Accreditation audits	100% of all applications for accreditation audits conducted within statutory timeframe	99.8% of all accreditation decisions notified to approved provider within statutory time limit
Schedule of support contacts	Schedule established for all accredited services	<p>The Agency has a policy to ensure every accredited home receives at least one site support contact during its accredited period, including random and targeted spot checks. In the reporting period, 553 spot checks were conducted.</p> <p>Visits to homes with significant non-compliance or serious risk are coordinated with visits by authorised Commonwealth Officers.</p>
Contacts with services	<p>Contacts conducted to include:</p> <ul style="list-style-type: none"> <li>● accreditation site visits as required</li> <li>● up to 1300 support contacts</li> <li>● up to 320 review audits</li> <li>● at least 200 spot checks</li> </ul>	<ul style="list-style-type: none"> <li>● 879 site visits</li> <li>● 2815 support contacts (on-site)</li> <li>● 86 review audits</li> <li>● 553 spot checks</li> </ul>
Referral of non-compliant services to the Department of Health and Ageing	Notification of all non-compliant services within seven days of identification by the Agency. Where serious risk is apparent, notification must be within 24 hours	<p>Non-compliance is notified as soon as reasonably possible after identification by the Agency (not assessment teams). There can be a delay between a team identifying non-compliance on-site and the Agency identifying it following receipt of a report. All non-compliance is notified to the Department in accordance with the Agency's obligations under Part 4 of the <i>Accreditation Grant Principles 1999</i>.</p> <p>The Agency has notified any instances of serious risk to the Department as soon as practicable, as required under the <i>Accreditation Grant Principles</i>.</p>



<p>The appointment of a registrar to maintain a register, by state, of appropriately qualified assessors</p>	<p>Maintenance of a register of appropriately qualified assessors by state</p>	<p>The Quality Society of Australasia (QSA) maintains its appointment as the registrar of quality assessors, and is subject to a performance agreement with the Agency.</p>
<p>Continuous improvement and best practice in industry</p>	<p>Development and distribution of appropriate products, including regular newsletter to all services</p>	<p>The Agency newsletter <i>The Standard</i> is issued quarterly to accredited aged care homes and stakeholders, and is posted on the Agency's website. In the reporting period, 21 homes have received a higher rating award. The Agency has also conducted Better Practice seminars in South Australia and Tasmania during the reporting period, with further seminars to be held in the other states in the coming year.</p>
<p>Reports</p>	<p>Provide reports to the Commonwealth as specified. Meet all legislative and corporate publishing and information provision requirements to provide accurate and timely information to consumers, the industry and government</p>	<p>The Agency is up to date with its annual reports and Corporations Law obligations.  Accreditation and review audit reports published on the website are regularly audited (six-monthly and ad-hoc).</p>
<p>Data provision</p>	<p>Provide data on the outcomes of accreditation, site visits, review audits, spot checks and other contacts with the sector in a timely manner to the Department to guide the development of policy and legislation</p>	<p>Data is provided regularly as per protocol and on request.</p>
<p>Compliance with relevant administrative law and corporate governance requirements</p>	<p>A high level of compliance with relevant administrative law and corporate governance requirements</p>	<p>There have been no breaches of the Agency's legal obligations of which the Agency is aware.</p>

### Education, Training and Information

Each state office dedicates about one day a month to staff training. Topics were chosen based on questionnaires, changes to Agency policies and procedures and feedback from management or a national direction.

Topics included stress management; inter-cultural skills; communication skills and techniques; an overview of ISO9001/2000 and Agency certification; and report writing.

### Aged care quality assessment course

The Agency has a legislative responsibility to approve courses for training quality assessors. The Agency reviewed content and course requirements, with all training providers required to submit a new course based on nationally recognised competency standards of auditing, aged care and compliance. Participants will be assessed and will sit an external examination set by the Agency.

### Orientation program

The orientation program for new quality assessors was reviewed and extended from ½ day to two days. All new staff also participated in a comprehensive induction and orientation program on the Agency and their role.

### Train small groups

All quality assessors and a number of administrative staff completed training in the nationally recognised unit of competence BSZ401A Train Small Groups.

### Industry education

The Agency conducted a seminar series for the industry called *Turning Data into Action*. 68 seminars were conducted in capital cities, regional and rural areas, with 1,507 participants attending.

### Education in conjunction with support contacts

Quality assessors conducted education on a variety of topics as required during support contacts. Sessions lasted from 20 minutes to 1 ½ hours and were based around continuous improvement; links between human

resource management and other expected outcomes; ageing in place; resident lifestyle; clinical care issues; workplace health and safety and infection control. There are plans to formalise this type of education in the latter part of 2004.

## **TAFE presentations**

Information sessions were conducted with students enrolled in various TAFE courses. Emphasis was placed on accreditation and the important role students will play in ensuring high quality care and services in residential care.

## **Better Practice events**

Programs on better practice were held in South Australia on 1-2 April 2004, Tasmania on 21 May 2004 and in NSW on 10-11 June 2004. The programs were diverse, with experts from within and outside the aged care industry from across Australia.

## **Mentoring program**

A mentoring program was implemented in the NSW/ACT office during 2004. Senior quality assessors complete a learning package and one-day workshop on mentoring. The program was adapted from the Victorian office mentoring program.

## **The Standard**

The Agency's quarterly newsletter, *The Standard* is distributed nationally to industry and other stakeholders. Editions focused on various aspects of the Accreditation Standards, including residents' lifestyle and their physical environment and safe systems as well as better practice, to complement the events being held across Australia.

## **Consumer education**

To help residents, carers and relatives understand the accreditation system and how they can contribute, the Agency conducted a pilot project funded by the Australian Government, which included seminars and two publications, *Your role in quality care* and *Are you interested in residential aged care?* Forty seminars were conducted across Australia, with 1,208 participants, including residents, their representatives, staff and other community members. Copies of *Your role in quality care* brochures were available at the seminars.

## **Satellite Television**

The Australian Government through the Department of Health and Ageing's Support for Aged Care Workers Training Program, funded a pilot of vocational education on the Aged Care Channel via satellite television. There are three parts to the project:

1. Connection of 96 small homes (receiving the Commonwealth Viability Supplement) to the Aged Care Channel;

2. Development and production of six programs and learning resources to pilot the delivery of vocational education and training using technology; and
3. The evaluation of the quality of learning outcomes from the satellite television programs (undertaken independently by the University of Technology, Sydney).

From May 2004, subscribers will receive a six-part series of Commonwealth funded programs on the topic of 'Demystifying dementia', delivered over a 25-week period. The satellite program has been targeted to and tailored for personal care workers.

The satellite television project has been developed in partnership with Anglican Retirement Villages, Diocese of Sydney, Aged Care Channel and Aged Care Standards and Accreditation Agency Ltd. There are three groups across the aged care homes involved in the project who will form part of the evaluation process.

## Feedback Mechanisms

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

Feedback from the *Turning Data into Action* seminar indicated it was beneficial and well received. Of 87% of participants who completed an evaluation form, more than 90% said the seminar was 'useful and relevant' and they were 'satisfied with the quality of the program'.

Quality assessors conducted education on a variety of topics as required during support contacts. Feedback has shown that the training sessions assisted in better understanding the accreditation process and standards.

Feedback was also undertaken to assess the Better Practice seminars held around the country. The results were very positive providing a valuable insight into current practices and future trends. Most importantly they provided a channel for communication and greater understanding between industry and the Agency.

An education industry needs analysis was conducted in the second half of 2003, through consultation with a sample of homes and industry association representatives. Staff and management were consulted about education initiatives and needs through staff meetings, with the Agency education coordinators meeting in March 2004 discussing plans.

At the conclusion of every audit and support contact, homes are given a questionnaire about the process. There is a clear message of support for accreditation, with 96% of respondents consistently reporting that the site audit was a satisfying and useful experience.

Overall site audit satisfaction ratings for the period 1 July 2003 to 30 June 2004 are shown below. Similar results were achieved for review audits and support contacts.

In addition to this regular survey of aged care homes, a major independent review was undertaken by consultants during the year and is described under Quality Assurance earlier in this report.

**Site audit satisfaction ratings**

	<b>Average monthly satisfaction rate</b>
Contact with the Agency, prior to the site audit, was adequate in preparing us for the visit	<b>93%</b>
During the entry meeting, the assessment team adequately explained the assessment process	<b>96%</b>
The team provided feedback on the self-assessment (application) and findings of the desk audit	<b>90%</b>
The assessment team was professional and courteous throughout the site audit	<b>98%</b>
Throughout the site audit, the assessment team gave us adequate opportunity to provide evidence of our processes and practices	<b>97%</b>
During the site audit, the quality assessors provided positive feedback that recognised our achievements	<b>94%</b>
During the site audit, the quality assessors provided feedback on areas for improvement	<b>97%</b>
At the exit meeting, quality assessors clearly presented the findings of the assessment (Statement of Major Findings)	<b>94%</b>
At the exit meeting, there was adequate opportunity for us to provide comments on, and clarification of the team's findings	<b>95%</b>
The Statement of Major Findings was useful in providing a summary of the team's findings	<b>92%</b>
Overall, the site audit was a satisfying and useful experience	<b>96%</b>

## Complaints

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

If appropriate, the outcome of an investigation concerning a registered quality assessor would be forwarded to the Quality Society of Australasia (QSA) and may result in withdrawal of registration.

During 2003-2004, 11 written complaints about assessor conduct were received and actioned.

## Consultation

The Agency is committed to consultation with the aged care sector. The Agency's Chief Executive Officer chairs the National Agency Liaison Group (NALG). State Managers chair each of the Agency Liaison Groups (ALGs). The Groups meet regularly to discuss industry trends, provide feedback on Agency activities and ideas for improvement, and be informed about Agency initiatives. Members of the liaison groups share this information with their colleagues or organisation membership. Membership of the NALG is listed at **Appendix 2**.

## Commonwealth Fraud Control Guidelines

The Agency is not required to adopt the guidelines, as current Commonwealth funding does not exceed 50 per cent of total income. As a matter of good practice, the Agency will adopt the guidelines from July 2004.

## Environment Protection and Biodiversity Conservation Act 1999

The Agency has no formal method of reporting its environmental performance due to its low impact activities, but the Agency is committed to minimising negative impacts on the environment. Strategies include:

- recycling paper (through re-use of scrap paper and dedicated recycling bins)
- recycling toner cartridges
- recycling other waste (eg cans, glass – where recycling services are available)
- purchase of electrical equipment with energy-efficient ratings
- office lights switched off when office not occupied.

Part Three

# Financial Statements

- **Directors' report**
- **Independent audit report**
- **Directors' declaration**
- **Statement of financial performance**
- **Statement of financial position**
- **Statement of cash flows**
- **Notes to the financial statements**

# Directors' Report

*Your Directors submit the financial accounts of the entity for the financial year ended 30 June 2004.*

## Directors

The names of Directors in office at any time during or since the end of the year are:

Mr James G F Harrowell, Chairman  
Dr Michael Bollen  
(appointed 17 June 2004)  
Mr Shane P Fracchia  
Professor Joseph E Ibrahim  
Mrs Betty D Johnson, AO  
(until 21 November 2003)  
Professor Priscilla S Kincaid-Smith, AC  
(until 21 November 2003)  
Mr John H A Lang, OAM  
Ms Mary Lyttle  
Professor Rhonda Nay  
Mrs Rhonda Parker  
(appointed 17 June 2004)  
Mr Peter Toohey  
Mr Henry N Williams  
(until 21 June 2004)  
Mr Paul Wilmot

## Information on Directors

### MR JAMES HARROWELL, CHAIRMAN

Appointed 21 June 1999

Chairman, Remuneration Committee

- Qualified lawyer and accountant
- Chairman of Interlaw Limited
- Member of the Board of the Australia China Business Council (NSW)
- Fellow of the Australian Institute of Company Directors
- Fellow of the Taxation Institute of Australia
- Partner and a former managing partner of Hunt & Hunt Legal Group

Meetings eligible to attend: 9

Meetings attended: 9

### DR MICHAEL BOLLEN

Appointed 17 June 2004

- Principal of BMP Healthcare Consulting
- Extensive experience in health care
- Director of Medibank Private
- Chairman of the Victorian WorkCover Authority's Independent Medical Examiners Selection and Quality Assurance Committee
- Chairman of the Commonwealth Government's Complementary Medicine Advisory Group.

### MR SHANE FRACCHIA

Appointed 14 November 2002

Chairman, Audit and Finance Committee  
(from June 2004)

- CPA with qualifications in commerce, accounting and engineering
- Member of CPA Australia's Centre of Excellence for Business Management



- Member of the Australian Institute of Company Directors
- Chief Executive Officer of Holy Spirit Home, Aspley, Queensland

Meetings eligible to attend: 9

Meetings attended: 9

### **PROFESSOR JOSEPH E IBRAHIM**

Appointed 14 November 2002

- Foundation professor and director of Aged Care Medicine at Peninsula Health
- Inaugural member of the Clinical Liaison Service at the State Coroner's Office and the Victorian Institute of Forensic Medicine
- Established the Health Services Research Unit at the Department of Epidemiology and Preventative Medicine, Monash University
- Doctorate of Philosophy investigating the relationship between quality of care and performance indicators
- Former regional editor for the International Journal for Quality in Health Care (2000-04)
- Chief investigator on projects researching the quality of clinical care, patient safety and performance indicators

Meetings eligible to attend: 9

Meetings attended: 9

### **MRS BETTY JOHNSON, AO**

Appointed 22 September 1997 -

21 November 2003

- Involved with the Older Women's Network (Australia) and Australian Pensioners and Superannuants Federation

- Consumer representative on many aged care committees and working groups

Meetings eligible to attend: 3

Meetings attended: 2

### **PROFESSOR PRISCILLA KINCAID-SMITH, AC**

Appointed 22 September 1997 -

21 November 2003

- Medical Director of Nephrology, Epworth Hospital, Melbourne
- Emeritus Professor of Medicine, University of Melbourne

Meetings eligible to attend: 3

Meetings attended: 3

### **MR JOHN LANG, OAM**

Appointed 22 September 1997

Member, Audit and Finance Committee

Member, Remuneration Committee

- Retired Company Director
- Qualifications in accounting and marketing
- Board member of SCEGGS Redlands Limited (an educational group)
- Board member of Vasey Housing Association NSW (providers of independent living for war widows and other defence-related women)
- Serves with the Department of Veterans' Affairs on their NSW and National Forums for Aged Care
- Director on the Board of the Indigenous Communities Volunteer Foundation

Meetings eligible to attend: 9

Meetings attended: 9

**MS MARY LYTTLE**

Appointed 21 November 2003

- CEO of the Residential Care Rights Inc, a Commonwealth funded agency advocating for people in nursing homes and hostels in Victoria
- Held positions within the Commonwealth government aged care program as a Standards Monitor, having previously managed a volunteer program for Red Cross Victoria, providing services to older people in the community and aged care
- Qualifications in Social Sciences, Masters degree in Social Policy
- Member of the Australian Institute of Company Directors
- Accredited workplace trainer
- Accredited mediator with the LEADR group
- Awarded a Centenary of Federation medal in 2003 for services to advocacy
- Member of the Alzheimer's Association Vic Board and past member of the Alzheimer's Association National Board
- Consumer representative on a number of Commonwealth and State government policy and ministerial advisory committees, including chairing a review of the first round of accreditation, and assisting in the development of a code of ethics for aged care

Meetings eligible to attend: 6

Meetings attended: 5

**PROFESSOR RHONDA NAY**

Appointed 24 June 2002

- Professor of Gerontic Nursing at La Trobe University
- Director of the Gerontic Nursing Clinical School and the Australian Centre for Evidence Based Aged Care
- Chaired the Minister's Awards for Excellence in Aged Care in 2000, 2001 and 2003
- Judge for the ACSA excellence in training in aged care awards for 2002
- Served as a member of the Australian Health Care Agreements Continuum Care Reference Group
- Member of the National Advisory Committee on Ageing
- President of the Australian Association of Gerontology (Victoria)

Meetings eligible to attend: 9

Meetings attended: 8

**MRS RHONDA PARKER**

Appointed 17 June 2004

- Former Minister in the Western Australian Parliament with responsibility for seniors
- Chief Executive Officer of the Positive Ageing Foundation of Australia
- Background in education, government and management

**MR PETER TOOHEY**

**Appointed 22 September 1997**

**Member, Remuneration Committee**

- Former Executive Chairman of TriCare Limited, the largest private aged care group in Queensland
- Queensland Government appointed sessional member of the Commercial and Consumer Tribunal
- More than 20 years' experience in the aged care industry
- Fellow of the Australian Institute of Company Directors

Meetings eligible to attend: 9

Meetings attended: 9

**MR HENRY WILLIAMS**

**Appointed 21 June 1999 – 21 June 2004**

**Chairman, Audit and Finance Committee**

- Leading finance and governance consultant to the health and aged care sector
- Chartered Accountant
- Fellow of the Australian Institute of Company Directors
- More than 20 years' experience and expertise in the areas of strategic planning and business advising, including corporate governance, taxation, audit and information technology

Meetings eligible to attend: 8

Meetings attended: 8

**MR PAUL WILMOT**

**Appointed 21 November 2003**

- Former Chief Executive Officer of Anglican Homes WA
- Served as WA State President and National President of Aged and Community Services Australia

- Served as Chair of the International Association of Homes and Services for the Ageing
- Served on Nursing Home Pricing Review Reference Group
- Fellow of the Australian Institute of Management
- Member of the Australian Institute of Company Directors
- Chairman of the Gas Industry Ombudsman (Ltd) WA Board

Meetings eligible to attend: 6

Meetings attended: 6

**Operating Results**

The operating loss amounted to \$3,813,680. Dividends are not applicable for this entity, as no beneficial interest exists.

**Significant Changes in State of Affairs**

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

The national office moved to new premises at 111 Phillip Street, Parramatta, sharing accommodation with the NSW office, with a subsequent reduction in space, shared facilities, and savings in accommodation costs.

## After Balance Date Events

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

## Areas of risk and likely development

The Deed of Funding provides adequate funds for the company to meet its responsibilities under the Deed and as the accreditation body appointed under the *Aged Care Act 1997*.

The focus through 2003/2004 has been on completing the peak of Round 2 Accreditation, building infrastructure and developing projects to review the systems and processes in the lead up to Round 3. This has been achieved.

A significant business process re-engineering and customer service project will commence in September 2004. The process re-engineering will be wide ranging in scope and focus on accreditation and related activities.

## Audit and Finance Committee

The Committee's responsibilities are to:

- help the company and the Directors comply with their obligations under the Commonwealth Authorities and Companies Act 1997 and the Corporations Act 2001

- provide a forum for communication between Directors, senior management and the internal and external auditors of the company.

## Directors' and officers' indemnification

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

- indemnified against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; and
- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs 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 paid was \$36,000 for all Directors and officers.

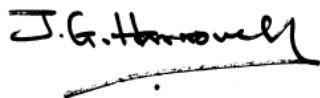
## Directors' Benefits

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

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

Signed in accordance with a resolution of the Board of Directors.

Director



Director



Dated 28th September 2004

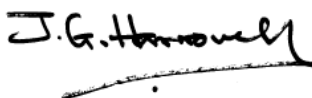
## Directors' Declaration

The Directors declare that:

- a) The financial statements and notes comply with the Accounting Standards and Corporations Act 2001;
- b) The financial statements and notes give a true and fair view of the financial position as at 30 June 2004 of the performance of the company and the cashflows for the year then ended;
- c) In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts when they fall due and payable.

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 28 September 2004

## Independent Audit Report



### INDEPENDENT AUDIT REPORT

To the members of Aged Care Standards and Accreditation Agency Limited

#### Scope

The financial statements comprise:

- Directors' Declaration;
- Statements of Financial Performance, Financial Position and Cash Flows; and
- Notes to and forming part of the Financial Statements

of the Aged Care Standards and Accreditation Agency Limited for the year ended 30 June 2004.

The Directors of the Company are responsible for the preparation and true and fair presentation of the financial statements in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

#### Audit approach

I have conducted an independent audit of the financial statements in order to express an opinion on them to you. My audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing and Assurance Standards, in order to provide reasonable assurance as to whether the financial statements are free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive, rather than conclusive, evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

While the effectiveness of management's internal controls over financial reporting was considered when determining the nature and extent of audit procedures, the audit was not designed to provide assurance on internal controls.

Procedures were performed to assess whether, in all material respects, the financial statements present fairly, in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is

consistent with my understanding of the Company's position and of its performance as represented by the statements of financial performance, financial position, and cash flows.

The audit opinion is formed on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by management.

### **Independence**

In conducting the audit, I followed the independence requirements of the ANAO, which incorporate Australian professional ethical pronouncements.

### **Audit Opinion**

In my opinion, the financial statements of Aged Care standards and Accreditation Agency Limited are in accordance with:

- (a) the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Aged Care Standards and Accreditation Agency Limited 's financial position as at 30 June 2004 and of its performance for the year ended on that date; and
  - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

Australian National Audit Office

P Hinchey  
Senior Director



For the Auditor-General

Sydney  
28 September 2004

## Statement of Financial Performance

FOR THE YEAR ENDED 30 JUNE 2004	NOTE	2004 (\$)	2003 (\$)
REVENUE FROM ORDINARY ACTIVITIES	2	14,490,504	27,256,761
Employee expenses		(12,779,363)	(16,413,961)
Depreciation and amortisation		(305,837)	(662,483)
Other expenses from ordinary activities	2	(5,218,984)	(5,232,520)
<b>Net operating (loss)/profit from ordinary activities</b>		<b>(3,813,680)</b>	<b>4,947,797</b>
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>		<b>(3,813,680)</b>	<b>4,947,797</b>

The accompanying notes form an integral part of this Statement of Financial Performance.



## Statement of Financial Position

<b>AS AT 30 JUNE 2004</b>	<b>Note</b>	<b>2004 (\$)</b>	<b>2003 (\$)</b>
<b>Current Assets</b>			
Cash assets	6	6,444,199	13,375,649
Receivables		77,791	1,633,347
Other	7	77,676	16,540
<b>TOTAL CURRENT ASSETS</b>		<b>6,599,666</b>	<b>15,025,536</b>
<b>Non-current assets</b>			
Property, plant and equipment	8	787,549	1,185,502
<b>Total Non-Current Assets</b>		<b>787,549</b>	<b>1,185,502</b>
<b>Total assets</b>		<b>7,387,215</b>	<b>16,211,038</b>
<b>Current liabilities</b>			
Payables	9	1,213,067	584,160
Provisions	10	739,219	762,072
Other	11	1,329,604	7,026,385
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,281,890</b>	<b>8,372,617</b>
<b>Non-current liabilities</b>			
Provisions	12	391,179	310,595
<b>Total non-current liabilities</b>		<b>391,179</b>	<b>310,595</b>
<b>Total liabilities</b>		<b>3,673,069</b>	<b>8,683,212</b>
<b>Net assets</b>		<b>3,714,146</b>	<b>7,527,826</b>
<b>Equity</b>			
Retained profits	13	3,714,146	7,527,826
<b>TOTAL EQUITY</b>		<b>3,714,146</b>	<b>7,527,826</b>

The accompanying notes form part of this Statement of Financial Position.

## Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2004	Note	2004 (\$)	2003 (\$)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and government grants		10,644,034	30,507,471
Payments to suppliers and employees		(17,862,080)	(20,761,504)
Interest received		444,769	338,818
GST (paid)/received		(26,643)	267,820
Net cash (outflow)/inflow from operating activities	5	(6,799,920)	10,352,605
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant & equipment		(133,130)	(401,332)
Proceeds on disposal of property, plant & equipment		1,600	-
Net cash outflow from investing activities		(131,530)	(401,332)
Net (decrease)/increase in cash held		(6,931,450)	9,951,273
Cash at the beginning of the financial year		13,375,649	3,424,376
<b>CASH AT END OF THE FINANCIAL YEAR</b>	6	<b>6,444,199</b>	<b>13,375,649</b>

The accompanying notes form part of this Statement of Cash Flows.

## Notes to the Financial Statements

For the year ended 30 June 2004

### NOTE 1. STATEMENT OF ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with accounting standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australia Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers the economic entity of The Aged Care Standards and Accreditation Agency Limited (the Company). The Aged Care Standards and Accreditation Agency Limited is a public, unlisted company limited by guarantee, incorporated and domiciled in Australia. The financial report has been prepared on an accruals basis, and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

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

### Revenue Recognition

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

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

### Income tax

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

### Property, plant and equipment

Plant and Equipment are measured on the cost basis.

The carrying amount of the plant and equipment is reviewed annually by the 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 employed, and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

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

The remaining plant and equipment continues to be depreciated over their useful lives on a diminishing value basis to the Company commencing from the time the asset is held ready for use.

## The current rates of depreciation by category are:

	Straight Line	Diminishing Value
Computers	33%	40%
Furniture and fittings	20%	20%
Other equipment	20%	25%

### Leases

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

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

### Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries and annual

leave, which will be settled after one year, have been measured at their nominal amount. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Long service leave provision continues to be provided for employees who had reached two years' service.

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

### Goods and service tax (GST)

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

### Comparative figures

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

**NOTE 2. OPERATING PROFIT**

**Operating (loss)/profit from ordinary activities has been determined after:**

**Crediting as income**

	<b>2004 (\$)</b>	<b>2003 (\$)</b>
Revenue from operating activities		
Government grants received	6,568,000	11,455,999
Accreditation revenue	6,524,487	15,421,304
Training revenue	944,167	9,464
Interest	430,855	368,180
Other revenue	22,995	1,814
	<hr/>	<hr/>
Revenue from ordinary activities	14,490,504	27,256,761

**Charging as expenses**

Depreciation of non-current assets:		
Property, plant and equipment	305,837	662,483
	<hr/>	<hr/>
Employee benefits	84,514	306,598
	<hr/>	<hr/>
Other expenses		
IT	254,291	314,775
Legal	158,979	114,929
Other professional fees	205,237	119,344
Printing and stationery	144,093	204,279
Rental expense on operating leases	1,681,300	1,459,254
Seminars and conferences	201,593	49,323
Telephones and communications	620,156	318,890
Training and recruitment	295,494	446,182
Travel	1,026,371	1,607,591
Other	631,470	597,953
Total other expenses from ordinary activities	5,218,984	5,232,520
	<hr/>	<hr/>
Write down of assets	254,291	87,080

**NOTE 3. REMUNERATION OF DIRECTORS**

	<b>2004 (\$)</b>	<b>2003 (\$)</b>
Directors' remuneration		
Income paid or payable to all directors	192,063	208,353
\$0	2	-
\$1 - \$ 9,999	2	1
\$10,000 - \$19,999	7	6
\$20,000 - \$29,999	1	3
\$30,000 - \$39,999	1	1

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

Mr James Harrowell  
 Mrs Betty Johnson, AO (appointment ceased 21/11/2003)  
 Professor Priscilla Kincaid-Smith, AC (appointment ceased 21/11/2003)  
 Mr John Lang, OAM  
 Mr Peter Toohey  
 Mr Henry Williams (appointment ceased 21/06/2004)  
 Mr Paul Wilmot (appointed 21/11/2003)  
 Ms Mary Lyttle (appointed 21/11/2003)  
 Professor Rhonda Nay  
 Mr Shane Fracchia  
 Professor Joseph Ibrahim  
 Mrs Rhonda Parker (appointed 17/06/2004)  
 Dr Michael Bollen (appointed 17/06/2004)

**NOTE 4. REMUNERATION OF AUDITORS**

	<b>2004 (\$)</b>	<b>2003 (\$)</b>
Audit of financial report	30,000	31,000

## NOTE 5. RECONCILIATIONS OF CASHFLOW FROM OPERATIONS WITH OPERATING PROFIT

### 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 90 days to maturity.

### Reconciliation of operating (loss)/profit from ordinary activities to net cash (outflow)/inflow from operating activities

	<b>2004 (\$)</b>	<b>2003 (\$)</b>
Operating (loss)/profit from ordinary activities	(3,813,680)	4,947,797
Non-cash flows in operating profit		
Depreciation	305,837	662,484
Loss/(gain) on sale of property, plant and equipment	223,645	10,499
Changes in assets and liabilities		
(Increase)/Decrease in receivables	1,554,299	(1,294,527)
(Increase)/Decrease in prepayments	(59,879)	98,335
Increase/(Decrease) in payables	643,865	(304,802)
Increase/(Decrease) in other liabilities	(5,711,738)	5,928,609
Increase/(Decrease) in provisions (current)	(22,853)	112,615
Increase/(Decrease) in provisions (non-current)	80,584	191,595
Net cash (outflow)/inflow from operating activities	(6,799,920)	10,352,605

## NOTE 6. CASH

	2004 (\$)	2003 (\$)
Cash at bank and on hand	6,444,199	13,375,649

## NOTE 7. CURRENT ASSETS – OTHER

	2004 (\$)	2003 (\$)
Prepayments	77,676	16,540



**NOTE 8. PROPERTY, PLANT AND EQUIPMENT**

	<b>2004 (\$)</b>	<b>2003 (\$)</b>
<b>Furniture &amp; fittings</b>		
Cost		
Opening	1,281,913	1,589,406
Additions	53,403	109,773
Disposals	(530,491)	(417,266)
Closing	804,825	1,281,913
Accumulated depreciation		
Opening	(714,031)	(975,859)
Depreciation expense	(97,840)	(128,073)
Write back on disposals	311,787	389,901
Closing	(500,084)	(714,031)
<b>Net, Furniture and Fittings</b>	<b>304,741</b>	<b>567,882</b>
<b>Computers</b>		
Cost		
Opening	2,705,330	2,722,896
Additions	48,580	344,416
Disposals	(117,318)	(361,982)
Closing	2,636,592	2,705,330
Accumulated depreciation		
Opening	(2,152,991)	(1,947,835)
Depreciation expense	(191,179)	(437,102)
Write back on disposals	110,776	231,946
Closing	(2,233,394)	(2,152,991)
<b>Net, Computers</b>	<b>403,198</b>	<b>552,339</b>
<b>Office Equipment</b>		
Cost		
Opening	187,576	177,885
Additions	31,147	23,724
Disposals	-	(14,033)
Closing	218,723	187,576
Accumulated depreciation		
Opening	(122,295)	(109,340)
Depreciation expense	(16,818)	(97,309)
Write back on disposals	-	84,354
Closing	(139,113)	(122,295)
<b>Net, Office Equipment</b>	<b>79,610</b>	<b>65,281</b>
<b>Total property, plant and equipment</b>	<b>787,549</b>	<b>1,185,502</b>

**NOTE 9. CURRENT LIABILITIES – PAYABLES**

	<b>2004 (\$)</b>	<b>2003 (\$)</b>
Trade creditors	1,213,067	584,160

**NOTE 10. CURRENT LIABILITIES – PROVISIONS**

	<b>2004 (\$)</b>	<b>2003 (\$)</b>
Annual leave	739,219	762,072

**NOTE 11. CURRENT LIABILITIES - OTHER**

	<b>2004 (\$)</b>	<b>2003 (\$)</b>
Unearned income	1,177,510	6,160,154
Accrued expenses	152,094	866,231
Total other current liabilities	1,329,604	7,026,385

**NOTE 12. NON CURRENT LIABILITIES – PROVISIONS**

	<b>2004 (\$)</b>	<b>2003 (\$)</b>
Employee benefits		
Long service leave	391,179	310,595
Aggregate employee benefit liability (refer to notes 10 and 12)	1,130,398	1,072,667
	Staff Number	Staff Number
The number of full time equivalent staff employed as at 30 June are:	129	176

**NOTE 13. RETAINED PROFITS**

	<b>2004 (\$)</b>	<b>2003 (\$)</b>
Retained profits at the beginning of the financial year	7,527,826	2,580,029
Net (loss)/profit from ordinary activities	(3,813,680)	4,947,797
Retained profits at the end of the financial year	3,714,146	7,527,826

**NOTE 14. ISSUED CAPITAL**

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

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

**NOTE 15. EXPENDITURE COMMITMENTS**

	<b>2004 (\$)</b>	<b>2003 (\$)</b>
<b>(a) Operating Leases</b>		
Non-cancellable operating leases contracted for but not capitalised in the accounts		
Payable:		
Within one year	498,583	1,133,715
Later than one year but not later than 5 years	2,370,861	1,457,313
Later than 5 years	1,171,844	-
	4,041,288	2,591,028
<b>(b) Capital commitments</b>		
Commitments contracted for		
Plant and Equipment purchases or		
Capital Expenditure projects		
Payable:		
Within one year	11,141	-
	11,141	-

## NOTE 16. CONTINGENT LIABILITIES

The Aged Care Standards & Accreditation Agency has no contingent liabilities as at 30 June 2004 (30 June 2003: Nil).

## NOTE 17. FINANCIAL INSTRUMENTS

### Financial assets

Cash and deposits are recognised in the Statement of Financial Position at their nominal value. Interest is credited to revenue as received. The effective weighted average interest rate for cash deposits at 30 June 2004 was 4.93% (30 June 2003: 4.38%).

Receivables are normally settled within 30 days.

### Financial liabilities

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

## Interest rate risk exposures

	(\$) Floating interest rate	(\$) Non interest bearing	(\$) Total	Weighted average effective interest rate %
<b>2004</b>				
<b>Financial assets</b>				
Cash	6,444,199	-	6,444,199	4.93
Receivables	-	77,791	77,791	-
	<b>6,444,199</b>	<b>77,791</b>	<b>6,521,990</b>	
<b>Total assets</b>			<b>7,387,215</b>	
<b>Financial liabilities</b>				
Payables	-	1,213,067	1,213,067	-
Other	-	152,094	152,094	-
Provisions	-	739,219	739,219	-
	-	<b>2,104,380</b>	<b>2,104,380</b>	
<b>Total liabilities</b>			<b>3,673,069</b>	

	(\$) Floating interest rate	(\$) Non interest bearing	(\$) Total	Weighted average effective interest rate %
<b>2003</b>				
<b>Financial assets</b>				
Cash	13,375,649	-	13,375,649	4.38
Receivables	-	1,633,347	1,633,347	-
	<b>13,375,649</b>	<b>1,633,347</b>	<b>15,008,996</b>	
<b>Total assets</b>			<b>16,211,038</b>	
<b>Financial liabilities</b>				
Payables	-	584,160	584,160	-
Other	-	866,231	866,231	-
Provisions	-	762,072	762,072	-
	-	<b>2,212,463</b>	<b>2,212,463</b>	
<b>Total liabilities</b>			<b>8,683,212</b>	

## Net fair value

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

## Credit Risk

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

## NOTE 18. ECONOMIC DEPENDENCY

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

## NOTE 19. SEGMENT REPORTING

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

## NOTE 20. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Currently, the Australian Accounting Standards (AASB) is being revised to adopt accounting standards issued by the International Accounting Standards Board (IASB). These new standards are called the Australian Equivalents to International Financial Reporting Standards (IFRS), which become effective for the 2005-2006 financial year. The purpose of issuing Australian Equivalents to IFRSs is to enable Australian entities reporting under the *Corporations Act 2001* to access overseas capital markets with ease by preparing their financial reports in accordance with accounting standards widely adopted overseas.

The Company has commenced transitioning its accounting policies and financial reporting from current Australian Standards to Australian Equivalents (IFRSs). The Company has allocated internal resources and will consult with expert's advice when required. The overall process is being managed by the company's Executive Management Team, with the progress to be reviewed by the Audit Committee.

## APPENDICES

### 1. AGED CARE STANDARDS AND ACCREDITATION AGENCY LTD

#### **National**

Level 9  
111 Phillip Street, Parramatta NSW 2150  
Postal: PO Box 773, Parramatta NSW 2124

Tel: 02 9633 1711  
Fax: 02 9633 2422

#### **New South Wales and ACT**

Level 9  
111 Phillip Street, Parramatta NSW 2150  
Postal: PO Box 674, Parramatta NSW 2124

Tel: 02 9633 2099  
Fax: 02 9687 0415

#### **Queensland**

The Terrace Office Park  
Level 2, South Tower  
527 Gregory Terrace, Bowen Hills QLD 4006  
Postal: PO Box 1032, Spring Hill QLD 4004

Tel: 07 3852 3100  
Fax: 07 3852 3011

#### **Western Australia**

Haines Norton Building  
The Gardens Office Park  
355 Scarborough Beach Rd  
Osborne Park WA 6017  
Postal: PO Box 718, Osborne Park WA 6916

Tel: 08 9201 1344  
Fax: 08 9201 1355

#### **Victoria and Tasmania**

Fist Floor  
1183 Toorak Rd, Camberwell VIC 3124  
Postal: PO Box 1001, Hartwell VIC 3124

Tel: 03 9889 9433  
Fax: 03 9889 9621

#### **South Australia and Northern Territory**

Suite 1  
245 Fullarton Rd, Eastwood SA 5063  
Postal: PO Box 292, Fullarton SA 5063

Tel: 08 8272 3766  
Fax: 08 8272 6566

#### **Tasmania (branch office)**

Level 2  
17 Morison St, Hobart TAS 7000  
Postal: GPO Box 313, Hobart TAS 7001

Tel: 03 6224 4447  
Fax: 03 6224 4449

#### **General Enquiries**

National@accreditation.aust.com

### II. DEPARTMENT OF HEALTH AND AGEING

#### **Department of Health and Ageing**

GPO Box 9848, Canberra ACT 2601

Tel: 02 6289 1555  
Fax: 02 6289 1304

### III. QUALITY SOCIETY OF AUSTRALASIA

#### **Central office**

PO Box 203, Parramatta NSW 2124

Tel: 02 8833 6400  
Fax: 02 9635 8533

## 2. NATIONAL AGENCY LIAISON GROUP MEMBERS

Ms Helen Kurincic	Anglican Aged Care Services Group
Mr Dallas Mulhall	NERTAC
Mrs Sheila Rimmer	Council on the Ageing
Ms Gerardine Cowin	ANF Federal Office
Mr Glenn Rees	Alzheimer's Australia
Mr Richard Gray	Catholic Health Australia
Mr Rod Young	ANHECA
Mr Greg Mundy	Aged & Community Services Australia
Ms Irene Gibbons	Carers Australia
Mr Michael Willis	Anglican Care of the Aged
Ms Norah McGuire	Australian Pensioners and Superannuants Federation





