

annual report  
2004-2005



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



**Annual Report  
2004 – 2005  
The Aged Care Standards and Accreditation Agency Ltd**

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## Foreword by the Chairman



**Chairman**  
**Jim Harrowell**

It is my pleasure to present the annual report and financial accounts of our activities for 2004-2005.

The Agency was established as an accrediting company, wholly-owned by the Australian Government. We are charged with the responsibilities of the accreditation body; to manage the accreditation process for Australian Government-funded aged care homes, promote high quality care by providing information, education and training to industry, strategically manage services working towards accreditation, and liaise with the Department of Health and Ageing about aged care homes which do not comply with the Accreditation Standards.

To achieve these objectives, we understand that everything we do is for the benefit of residents. The *Quality of Care Principles 1999* clearly set out what standard of care residents of aged care homes can expect.

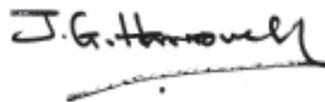
The Agency, as it now works on what is the third period of accreditation for most homes, has established clear expectations of what it means to meet the Standards.

While providers and owners of homes have a direct responsibility for the standards of care provided to residents, it is our role to ensure those standards are maintained at all times. When we do find non-compliance, it is part of our role to act swiftly and work with homes to make improvements.

As part of our own quality assurance, and certification to ISO 9000:2001, we actively encourage feedback on every aspect of our work. It is through this process that we have streamlined the accreditation application process and made it accessible on-line, thus reducing the paperwork and time.

The heartening result is that almost all of the 2935 accredited homes as at 30 June met all 44 expected outcomes of the Accreditation Standards. Of those who had some non-compliance, half were non-compliant in one area.

At the end of our eighth year of operation, the Agency has made considerable progress. I pay tribute to the energy of our Board and staff who have an unwavering commitment to caring about the quality of residential aged care in Australia.



Jim Harrowell  
CHAIRMAN

We  
understand  
that every-  
thing we do is  
for the  
residents



message from the  
**Chief Executive  
Officer**



*Chief Executive Officer*  
**Mark Brandon**

As the second round of accreditation draws to a close and we begin processing applications from homes for the third time, I believe we have in place strong infrastructure and robust processes to assess the quality of care in Australian aged care homes.

There were 2935 accredited homes as at 30 June 2005, of which, 92% were awarded at least three years' accreditation. Only a small number of homes had not achieved full compliance with the Accreditation Standards by 30 June. Of those that did have some non-compliance, about half were non-compliant in only one expected outcome. This is an improvement over the second round of accreditation when some 88% had achieved full compliance.

During the year, the Agency continued to respond to the requests from providers and staff in homes for more education programs. We introduced the QUEST program, a grassroots education program that enabled more than 9400 people to learn more about accreditation and continuous improvement. The Better Practice events also inspired more than 1000 people nationally to implement ideas to benefit residents.

The satellite television project funded by the Australian government through the Department of Health and Ageing, resulted in six programs and a self-directed learning package being released and publicly available through our website.

### Consolidation

The Agency exists to assess the quality of care and services provided against the Standards and to promote high quality care for the people who live in Australia's aged care homes. The company has established a strong national skills base in accreditation and education.

The Melbourne office moved to new premises at Whitehorse Road, Box Hill, with a subsequent increase in space and savings in accommodation costs.

### Continuous improvement

We achieved the certification of our management systems against the ISO 9001:2000 standard in September 2004, and have retained that status following surveillance audits by the external auditor.

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 revising the selection process for assessors, upgrading the training for assessors and revising support materials including the audit handbook. This makes the accreditation process easier for managers and staff working in aged care homes.

Feedback on a regular basis is instrumental in making ongoing improvements. We do this through regular surveys of staff in homes where audits are conducted, through feedback and telephone surveys of those attending our information events and sessions, and an annual survey of *The Standard* readers. A continuous feedback mechanism is available through the free-call telephone number 1800 288 025, as well as the *Contact us* service on our website. This year our complaints system has been streamlined, centrally recorded and now analysed regularly. There were 49 complaints received during the reporting period compared with 11 last year. As at 30 June, 47 of these had been successfully resolved.

"For the next 12 months the most visible thing we will do is assess homes for their next period of accreditation"

During the year, the Senate Community Affairs Committee held an inquiry into aged care, including examining the Agency's role as one of its terms of reference. More than 250 submissions were received. The Committee tabled its report on 23 June, with 11 of the 52 recommendations referring to the Agency.

### **Outlook for 2005-2006**

Through 2005 approved providers have demonstrated a greater awareness and understanding of the Accreditation Standards and what benefits they bring to residents of aged care homes. In the year ahead we will focus on increasing awareness of residents and their relatives so that they have a greater voice in the accreditation process and quality improvements.

Three-yearly audits and a visit every year provide a level of assurance that residents are receiving quality care. As part of our commitment to continuous improvement the Agency is considering other ways to ensure continuous feedback on our performance and the performance of homes. The overwhelming majority of homes

remain compliant, and where our assessors do find non-compliance, through either planned or unannounced visits, people respond quickly to make changes for the better.

Australia has some very good and progressive aged care providers and we applaud their commitment to leading change and sharing their innovations with others for the benefit of all aged care residents. I believe it is this evidence-based better practice, that can now be documented, that will make a sustainable difference in aged care in the future.

Our achievements to date have been built on the dedication, the professional approach and commitment of our staff 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



**Better practice:** *RSL Veterans' Retirement Village, Narrabeen, NSW*

Four years ago RSL Veterans' Retirement Village at Narrabeen on Sydney's northern beaches, had an unfavourable accreditation audit.

In a remarkable turnaround, in October 2004 the Village (comprising of hostels and nursing home) was awarded a commendable award by the Agency for the high standard of care and approach to continuous improvement.

Some of the innovations have included regular resident input from monthly resident meetings, six-monthly focus groups, regular surveys and a personal approach, with feedback through newsletters, noticeboards and resident sub-committees. One suggestion has led to the Village's own Anzac Day march with more than 250 taking part.

The Village has a strong leadership program, has developed its own auditing system based on the Accreditation Standards and has developed individual therapy programs for all high care residents, extending this to low care residents as well. Results have shown increases in mobility, speech, strength, independence and confidence.

**Vision:**  
To make a significant contribution to quality consumer-focussed care through accreditation and education

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

### Role and functions

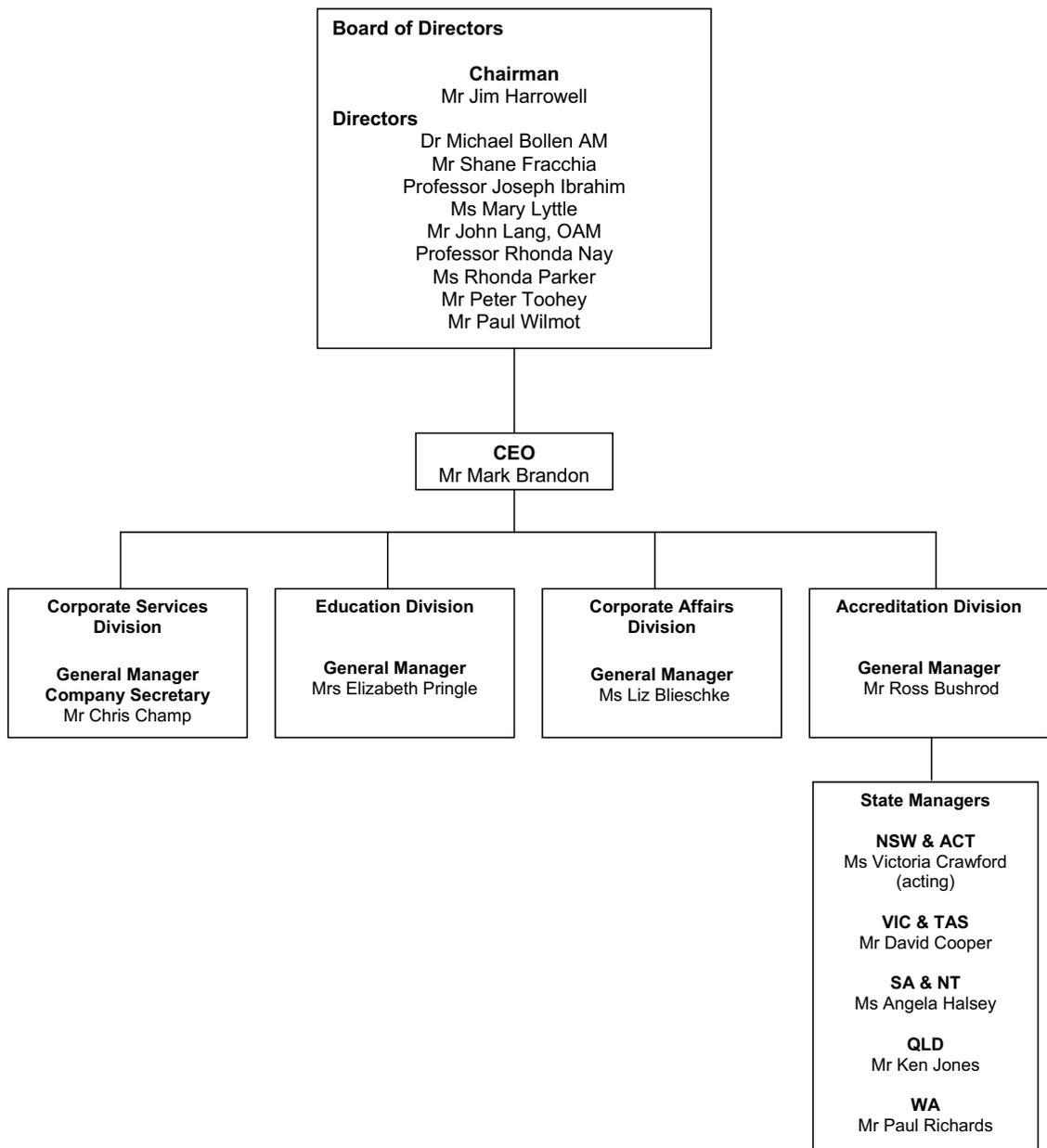
The core functions of the Agency are set out in the *Accreditation Grant Principles 1999*. These are:

- 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*, the *Accreditation Grant Principles 1999*. The delivery of these functions is subject to a written agreement with the Department of Health and Ageing made under s.80-1 of the *Aged Care Act 1997*.

Figure 1: Organisation chart as at 30 June 2005

Figure 1: Organisation chart as at 30 June 2005



The management structure comprises the primary business units of Accreditation and Education

## 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 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 Department of Health and Ageing and in

accordance with the requirements of legislation, and ensuring proper prudential management of its funds. Details of the Board for the period 2004-2005 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 senior executives of the Department of Health and Ageing.

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. An Accreditation Manager was appointed to oversee the effective implementation of Round 3 of accreditation.

The organisation chart of the Agency as at 30 June 2005 is illustrated at **Figure 1**.

## 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. The protocol is to support co-ordination of actions to deal with non-compliance, with the Department and the Agency making independent decisions about appropriate action.

The Agency informs the Department of any non-compliance 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.

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

"Support for healthy ageing for older Australians and quality and cost-effective care for frail older people and support for their carers."

## 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.

The Agency staffing is 160.7 (full time equivalent) as at 30 June 2005. The employed staff numbers vary according to the accreditation workload.

Approximately six percent of Agency staff are employed on a part-time basis. The ratio between women and men on staff is 5.5:1.

Of the 321 aged care quality assessors on the RABQSA International (formerly the Quality Society of Australasia which has merged with the Registrar Accreditation Board) register, 76 are permanently employed by the Agency. The balance is used on a contract or casual basis to meet the workload demands.

Sixty per cent of staff have at least one tertiary qualification – including one PhD, five MBAs, 28 masters, 21 other post-graduate qualifications, and 43 undergraduate degrees.

During 2004/05 the Agency placed particular emphasis on a number of key people management activities including the introduction

## Our people

**Table 1: Agency staff as at 30 June 2005 (full time equivalent)**

	National	NSW	VIC & Tas	QLD	SA & NT	WA	Total
Total	30.54	40.23	34.71	29	14.8	11.43	160.7

of a new performance management program, recruitment and appointments, learning and development.

Key achievements include:

- A six percent decrease in staff turnover
- The design and implementation of an improved induction program for all new employees
- The introduction of a skills matrix for staff to assist in the identification of skill gaps and development needs
- Introduction of a national learning program to meet development needs
- New performance management system for all staff
- Recruitment of a learning and development specialist.

### ***Employee induction***

A national induction program for all new staff was developed and introduced via the intranet. The program includes a comprehensive new employee checklist and probationary performance management system.

A new employee questionnaire has been introduced to gather information about the recruitment and induction process. On average, 87% of new staff who replied were satisfied or

more than satisfied with our processes.

### ***Performance management***

A new performance management system was developed and introduced this year including comprehensive manager and employee guides. The system focuses on development with tools such as the competency skills matrix feeding into the performance management system.

### ***Occupational health and safety***

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

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

In 2004-2005 time lost due to injury amounted to 650.4 hours compared with 358.4 hours last year. As a result of this increase, we have focused on workplace ergonomics and encouraged staff to review their workstations and offered advice about safe work practices.



... the Agency provides and maintains a safe and healthy working environment for its staff

## part two What we do



### From poor review to accreditation

"The day the assessors came was definitely the worst day of my life. I was in this office. I felt shattered. I was worried about the residents. I was worried about the staff. I was worried about me. I'd just moved here from Melbourne with my family. I'd only been working here for three days.

"The Agency gave us six months to fix things. Over that six months we had five support visits from the Agency and they helped us work through every area of difficulty. They were very encouraging and they showed us how the system could be improved.

"It was a real learning experience."

***Damien Malone, CEO and DON, John Curtin Memorial Hospital, Creswick, a country town north of Ballarat in Victoria.***

## 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 below.

### 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.

Twenty-three new homes were accredited for one year during 2004-2005.

New homes can be accredited for 12 months only ... 23 new homes were accredited during 2004-2005

**Table 2: Accreditation status of homes as at 30 June 2005**

Accreditation Status	NSW/ACT	Qld	SA/NT	Tas	Vic	WA	All states
Less than one year	2	1	0	0	0	0	3
One year – new homes	6	1	2	0	11	3	23
One year – existing homes	3	2	0	0	6	1	12
More than one & less than two years	2	3	0	0	4	1	10
Two years	28	26	17	1	28	3	103
Between two and three years	17	36	2	4	8	9	76
Three years	894	425	291	87	763	240	2700
Four years	6	0	1	0	1	0	8
Total accredited services	958	494	313	92	821	257	2935

### **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, 426 applications for further periods of accreditation were received and 23 applications for commencing services. 339 site audits were completed. All homes were accredited. 245 homes were granted three years' accreditation and 58 less than three years. Two

homes were granted 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.

### **Better Practice in Aged Care awards**

During the year the higher ratings awards scheme was reviewed and improved. The Better Practice in Aged Care Awards was launched in May 2005 and will replace the higher ratings awards after a transition period. The goals of the Better Practice awards scheme are to identify and recognise Better Practice programs, promote adoption of better practice and encourage sharing of better practice amongst homes.

A national judging panel assesses submissions for awards against the following criteria:

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



To be considered for an award homes must be fully compliant with the Accreditation Standards and have been fully compliant for two years.

### **Higher ratings**

During 2004-2005 the higher rating awards recognised two homes whose performance consistently provided superior outcomes for residents. The awards were in addition to the accreditation process.

Two levels of award were available – *commendable* and *merit*.

The criteria were responsiveness to residents; leadership; data and measurement; continuous improvement; and innovation. For the commendable award there was a sixth criterion, benchmarking.

In the past financial year, eight homes applied for a higher rating award and two were awarded to the RSL Veterans' Retirement Village and RSL War Veterans' Nursing Home.

### **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 six per cent of decisions about accreditation and review audits. As a result four services received an increase in their period of accreditation, one service by 12 months, and three services by six months. One service received a reduction of six months. The balance remained unchanged with one of these lodging an appeal with the AAT, which has since been withdrawn.

Three applications were made for review by the Administrative Appeals Tribunal during the period. Of these, two matters were withdrawn and one matter was 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.



The Agency aims to provide information to homes to help ensure their care and services are high quality

Conducting spot checks is part of a wider program that helps to assure the community that homes provide high quality care

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 changes that may impact on the provision of care and services.

The case management approach improves 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 13%, or 563, of the Agency's visits were conducted as spot checks in the reporting period.

The Australian community has high expectations of aged care homes, and conducting spot checks is part of a wider program of monitoring 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 an aged care 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 phone contact.

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 focused 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 where improvements can be made.

During 2004-2005, 4251 support contacts were carried out, of which 4016 were site visits and 235 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 aged care quality assessors and generally takes two to four days.

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

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

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

During 2004-2005, 83 review audits were conducted, and 76 decisions were made following review audits. Of these decisions, 33 were to vary the period of accreditation, 40 were to not vary accreditation and three were to revoke accreditation. Subsequently these three had their accreditation restored.

During 2004-2005, 4251 support contacts were carried out

### **Quality assurance**

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

- Revision of the accreditation application form and related documentation and software. This was based on feedback gained through an independent review of the Agency's performance of Round 2 of accreditation by consultants Westwood Spice. This review reported substantial support for the way audits were carried out and for the Agency's conduct of accreditation generally. It provided useful information about how improvement could be made and this was acted upon
- Introduction of observers on audits on a sampling basis to evaluate the performance of assessors and the effectiveness of audit practice

- Reviewing samples of accreditation decisions and audit reports to evaluate their conformance with Agency standards
- Maintaining state and national case management committees
- Reviewing audit reports and reasons for significant changes in compliance status
- An independent review of practices to monitor performance of homes. The report of this review will help enhance monitoring activities.



## Agency performance

Table 3: Agency performance 2004-2005

Performance indicator	Performance target	Relevant activities and initiatives undertaken and outcomes achieved
Percentage of services with 44 compliant expected outcomes	To achieve 97% of services compliant, an indicative level of monitoring would be to:	Achieved. 98.7% of homes were compliant
	Conduct 100% of site audits in response to valid accreditation applications	All valid applications had a site audit and decision made before their accreditation period expired.
	Visit each home at least once per year and maintain an average visiting schedule of 1.25 visits per home per year	An average of 1.51 visits per home per annum
	Conduct at least 10% of support contact visits unannounced	Achieved. 13.4% of support contacts were conducted as unannounced visits.
	Carry out approximately 132 review audits (pa), including 100% as directed by the Department	*83 review audits completed. Seven DHA directed review audits were received and conducted in the timeframe
	Daily visits by aged care quality assessors where serious risk is identified, until the serious risk has been mitigated	Achieved.
	Timeliness and appropriateness of response to referrals from the Department in accordance with protocols established between the Department and the Agency	Achieved.

## Agency performance

Table 3: Agency performance 2004-2005 (continued)

Performance indicator	Performance target	Relevant activities and initiatives undertaken and outcomes achieved
Percentage of services with 44 compliant expected outcomes (continued)	Maintain an adequate number of suitably qualified and experienced staff to conduct audits and support contacts in a timely manner and ensure the skills of each audit team are relevant to the identified outcomes of concern	A pool of 321 staff and contract assessors ensure that visits are conducted in a timely manner.
Promotion of high quality care	<p>Provision of sector and consumer education through:</p> <p>Seminars</p> <p>Publications</p>	<p>Six Better Practice events held were highly successful, with delegates indicating they were happy with the events and an interest in attending future education events conducted by the Agency.</p> <p>Six programs and a flexible learning package on "Demystifying Dementia"</p> <p><i>The Standard</i> newsletter increased distribution by about 40% and is available on-line and by e-mail.</p> <p>3849 copies of <i>The Pocket Guide to the Accreditation Guide</i> were distributed during the reporting period.</p> <p>Six fact sheets were printed and distributed, also available on the Agency's website.</p> <p>Agency advertisements appear in all state versions of the <i>DPS Aged Care Guide</i>.</p>

## Agency performance

Table 3: Agency performance 2004-2005 (continued)

Performance indicator	Performance target	Relevant activities and initiatives undertaken and outcomes achieved
Promotion of high quality care (continued)	Publications (continued)	<p>The Agency produced a consumer DVD <i>Quality of Care, Quality of Life</i>, explaining the importance of Standards in maintaining quality care. All aged care homes and other stakeholders have received a copy of the DVD. 5000 were distributed.</p> <p>In the reporting period, 38 media releases were distributed by the Agency with 97 stories reported in the media making mention of the role of the Agency in accreditation and aged care.</p>
	Development of accredited training courses that meet the needs of the sector	<p>The Agency has revised the course curriculum for 'an approved course about aged care quality assessment'. One training provider (Systems 3 Group Pty Ltd) has been given approval to conduct the course.</p>
	Inclusion of an education component in 50% of support visits	<p>More than 28% of homes (since commencing in October and as at 30 June 2005) have taken up the Agency's QUEST program (Quality Education on Standards), conducted as part of support contacts, with over 9,400 participants.</p>

## Agency performance

Table 3: Agency performance 2004-2005 (continued)

Performance indicator	Performance target	Relevant activities and initiatives undertaken and outcomes achieved
Promotion of high quality care (continued)	<p>Utilising well trained and skilled Agency staff and establishing a process to ensure ongoing training and skills development</p> <p>Provision of relevant education and training, identified by the Agency or the Department through analysis of trends in compliance against specific accreditation outcomes (eg medication management, clinical care etc)</p>	<p>In state offices, a competency and skills matrix has been developed to match position descriptions and ensure appropriate training and development.</p> <p>All Better Practice events featured speakers on practical applications related to accreditation outcomes.</p> <p><i>The Standard</i> monthly newsletter features case studies of most frequent non-compliance topics.</p>
Effective decision-making and reporting	<p>Timeliness and appropriateness of decisions</p> <p>Consistency of decisions across assessors and across jurisdictions</p> <p>Quality and timeliness of reports</p> <p>Appropriate approved provider and public access to reports</p>	<p>100% of decisions were made before the accreditation expiry date.</p> <p>No statistically significant inconsistencies.</p> <p>Internal review of all reports.</p> <p>All decisions are published on the website for public access.</p>

## Agency performance

Table 3: Agency performance 2004-2005 (continued)

Performance indicator	Performance target	Relevant activities and initiatives undertaken and outcomes achieved
Assessing and strategically managing services working towards accreditation	Timeliness and quality of support, information and education provided to:	
	Potential providers	The Agency provides potential approved providers with copies of the Accreditation Handbook, the application and refers them to other material on the website. If they are unable to access the web, hard copies are sent.
	Homes granted exceptional circumstances	No exceptional circumstances granted within the timeframe.
	Commencing services	All valid commencing services receive one year's accreditation with support visits and education as appropriate to their circumstances.
	Homes with accreditation revoked or reduced	Additional support contacts have been planned and conducted.

\* Under the legislation, the Agency may do a review audit of a home if there are a number of adverse circumstances. During 2004/2005 there was not a need to do as many review audits as forecast.

Considerable work was undertaken to implement robust learning programs for staff

### Staff learning and development

During the reporting period considerable work was undertaken to implement robust learning programs for all staff. A national training calendar was established to track and better manage the timing of training events nationally; encourage sharing of training and development information across states.

The introduction of the new performance management system with its focus on development, has enabled the organisation to better identify training and development needs, thereby ensuring that training is more focused and there is a more even spread of training offered to all job areas.

A key learning program delivered to assessors was Train Small Groups, a recognised unit in Certificate IV Assessment and Workplace Training. The delivery of this program was further successfully extended to include non-assessing staff to assist them to train new administration staff. Other learning and development programs offered to staff this year include:

- Report writing

- Overview of ISO 9001:2000 and Agency certification
- A two-day workshop in Sydney for assessment managers and principal assessors on decision-making and case management. This has been further developed through regular teleconferences for continued learning.

Other initiatives include:

- The review and modification of the two-day assessor orientation program to reflect changes in the five-day Aged Care Quality Assessment Course
- Development of a training database to record and track all staff training. Other courses included:
  - Overview of the principles of clinical care and specified care and services
  - Stress management workshop
  - Intercultural foundation skills
  - Introduction to AMI
  - Support contacts and timetables for improvement
  - Protocols for managing non-compliance, legislative requirements, support contacts, and rural and remote travel
  - Support contact documentation
  - Fire safety.

Next year will see the development of a more focussed learning and development strategy to further reinforce the link between performance management and skills development as required by individual roles and their overall reflection of organisational goals.

### ***Aged Care Quality Assessment Course***

The Agency has reviewed the content and course requirements for training aged care quality assessors. Training providers were required to submit a course addressing the new requirements. One training provider, The Systems 3 Group Pty Ltd had a course approved. This course is based on nationally recognised competency standards of auditing, aged care and compliance. Participants are assessed during the course, as well as an external examination set by the Agency. These examinations are moderated by the Agency.

### ***National Assessment Conference***

A two-day national assessment conference was held for all Agency-employed permanent assessors, to communicate changes to processes and to ensure a shared understanding of

a consistent approach to assessment in preparation for the next peak of accreditation.

### ***Assessor orientation program***

The orientation program for new aged care quality assessors was reviewed and extended from half a day to two days. The main reason for the change has been the revision of the Aged Care Quality Assessment Course that is now focussed on the acquisition and development of audit skills, rather than procedural and process matters related to the administration of accreditation.

### ***External assessor workforce***

Throughout 2004/05 most state offices continued with regular external assessor liaison in a range of ways. For example in Queensland internal and external assessors are invited to attend a forum. For those external assessors who live outside the metropolitan area, a rural and remote teleconference occurs to discuss the outcomes of regular meetings.

A two-day national assessment conference was held to communicate changes and ensure a shared understanding



*Actress Margery Irving spoke at the Agency's SA Better Practice event*

## Industry education

### **Better Practice events**

Better Practice events were held in Sydney, Melbourne, Brisbane, Perth, Adelaide and Launceston in the financial year. The events provided a dynamic forum to share innovations and practical ideas about achieving better practice and improving the quality of life for older Australians.

Plenary sessions provided insight and inspiration within the broader themes of improving the quality of aged care and concurrent sessions provide practical, take-home ideas.

Feedback from the delegates was positive and provided invaluable insight into current practices and future trends. Most importantly it provided a conduit for greater understanding between industry and the Agency.

The Better Practice events have proven to be effective as many delegates from the events have initiated some of the better practice systems and procedures.

A telephone survey completed in January 2005 of participants attending the 2004 Better Practice events provided the following results:

- 98% of respondents indicated they believed the event was a very/valuable learning experience

- 88% of respondents were able to implement at least one idea learnt at the Better Practice event
- 96% of respondents indicated they would attend another Better Practice or similar event held by the Agency.

At a state level staff and management are consulted about education initiatives and needs through monthly teleconferences. The General Manager, Education travelled to each state office at least once in 2004/05 to brief staff on education initiatives and activities.

### **QUEST – Quality Education on Standards**

The Agency has developed an education program offering all homes the opportunity to participate in the Quality Education on Standards (QUEST) program. This takes the form of a free education session of up to 1.5 hours delivered by an aged care quality assessor in the residential aged care facility. The interactive sessions are delivered to groups of up to 15 participants. This allows time for group activities, discussion and questions.

Program topics include:

- Accreditation overview
- Assessing the Standards
- Accreditation for consumers

Three more topics will be added to the program at the beginning of the 2005/06 financial year.

As at 30 June 2005, 590 QUEST sessions were delivered to 9404 participants nationally since the roll out of the program in October 2004.

### ***Satellite television***

The Australian Government through the Department of Health and Ageing's Support for Aged Care Workers Training Program funded the Agency to conduct a pilot to determine the effectiveness of delivering vocational education on the Aged Care Channel via satellite television. There were 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).

The project provided homes with a satellite dish and a year's subscription to the Aged Care Channel, as well as flexible learning packages that include theory, written exercises and practical activities that accompany the programs.

From May 2004, subscribers received a six-part series of Commonwealth-funded programs on the topic of 'Demystifying dementia', delivered over a 25-week period. The satellite programs were 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 The Aged Care Standards and Accreditation Agency Ltd.

The project has been evaluated independently by the University of Technology, Sydney (UTS). The pilot project was designed to assess the impact of three different learning methods –the program only; a training package as well as the program; and the training package only.



The Agency produced a DVD *Quality of Care Quality of Life*

The UTS report found that all groups had improved learning results. However, the group of homes that received both the program and the training package had slightly improved learning results. More significantly, the report showed that although the learning method was important, other factors were more influential in determining success in learning outcomes. These factors include organisational issues such as management approach to training, the capacity of the facilitator to invest the time and how well the formal learning was integrated with practice.

### ***The Standard***

Previously a two-colour quarterly newsletter, The Agency's newsletter *The Standard* is now distributed monthly in full colour to industry and other stakeholders. Circulation has risen by about 40% in the last year and it is also available on-line in large print, as well as an e-mail version.

### **Consumer education**

To help residents, carers and relatives understand the accreditation system and how they can contribute, the Agency produced a DVD *Quality of care*

*Quality of life* funded by the Australian Government in June 2005. More than 5,000 copies were distributed, including at least one to each home, as well as key stakeholders and advocacy groups.

A brochure *Are you interested in residential aged care?* has been mailed to all homes and advocacy groups. There were 100,000 copies produced, and it is available on the Agency website.

One of the Agency's QUEST sessions is entitled Accreditation for consumers. It is aimed at helping residents and their families understand accreditation.

### **Feedback**

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

A survey was undertaken to assess the better practice seminars held around the country (see Industry Education).

A survey of the Agency's monthly newsletter *The Standard* in April 2005 provided feedback that 98% of respondents find it valuable. The most popular articles were those providing a case study of better practice.

At the conclusion of every audit and support contact, homes are given a questionnaire to provide feedback about the process. There is a clear message of support for accreditation, with 97% of respondents consistently reporting that the site audit was a satisfying and useful experience. Similar results were achieved for review audits and support contacts.

### **Complaints**

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

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

During the year, a formal comments and complaints policy was written and a form was made available on the Agency's website, to make it easier to submit comments and complaints.

During 2004-2005, 49 complaints about site visits, reports, the website, education and others were received and actioned, compared with 11 last year. This increase reflects our broader approach to collecting feedback.

### **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**.

Executives of the Agency also take part in a number of other committees and working parties in the aged care sector.

There is a clear message of support for accreditation, with 97% reporting that the site audit was a satisfying and useful experience

### Protecting the environment

An analysis of the environmental impact of two sample offices was undertaken during the reporting period. The result showed that the Agency has a low to medium impact on the environment. However, there are a number of ways the Agency attempts to further reduce its environmental impact including:

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



# ee Financial Statements



## Monitoring serious risk

The overwhelming majority of homes maintain compliance with the Accreditation Standards throughout their period of accreditation. Where non-compliance does arise it is usually of a minor or limited nature that is quickly remedied. Homes that are found to have major compliance problems or deficiencies that represent a serious risk to the health, safety or well-being of residents represent a very significant cost to the Agency.

When there is a serious risk to residents, the Agency arranges daily visits to monitor progress to protect residents and longer term monitoring.



## Financial statements

### Directors' report

Directors submit the financial accounts of the entity for the financial year ended 30 June 2005.

### 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 AM  
Mr Shane P Fracchia  
Professor Joseph E Ibrahim  
Mr John H A Lang, OAM  
Ms Mary Lyttle  
Professor Rhonda Nay  
Ms Rhonda Parker  
Mr Peter Toohey  
Mr Paul Wilmot

### Information on Directors

#### **Mr James Harrowell, Chairman**

Appointed 21 June 1999  
Reappointed 17 June 2004 until  
17 June 2007

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
- 20 years' experience in litigation in all jurisdictional levels in NSW and interstate.

Meetings eligible to attend: 10

Meetings attended: 10

#### **Dr Michael Bollen AM**

Appointed 17 June 2004  
Current appointment until 17  
June 2007

- Principal of BMP Healthcare Consulting
- Extensive experience in health care including 25 years as a general practitioner and as Secretary General of the Royal Australian College of General Practitioners
- Has served on a number of boards and committees including the SA Health Commission, Medibank Private and the National Health and Medical Research Council

- 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.

Meetings eligible to attend: 10

Meetings attended: 9

**Mr Shane Fracchia**

Appointed 14 November 2002

Current appointment until 14 November 2005

Chairman, Audit and Finance Committee

- 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: 10

Meetings attended: 9

**Professor Joseph E Ibrahim**

Appointed 14 November 2002

Current appointment until 14 November 2005

- 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: 10

Meetings attended: 9





**Mr John Lang, OAM**

Appointed 22 September 1997

Re-appointed 15 July 2004 until  
15 July 2007

Member, Audit and Finance  
Committee

Member, Remuneration  
Committee

- Retired Company Director
- Currently serves in a number of not-for-profit companies in the fields of banking, education, housing, aged care accreditation

- Member of Rotary and Indigenous Volunteer service
- Specialises in professional services of accounting, aged care, corporate governance and marketing.

Meetings eligible to attend: 10

Meetings attended: 8

**Ms Mary Lyttle**

Appointed 21 November 2003

Current appointment until 21  
November 2006

- CEO of the Residential Care Rights Inc, a Commonwealth funded agency advocating for people in nursing homes and hostels in Victoria
- Qualifications in Social Sciences, Masters degree in Social Policy

- Member of the Australian Institute of Company Directors,
- Accredited workplace trainer and accredited mediator with the LEADR group
- Awarded Centenary of Federation medal 2003 for services to advocacy.
- Member of the Alzheimer's Association Victorian 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: 10

Meetings attended: 10

**Professor Rhonda Nay**

Appointed 24 June 2002

Re-appointed 19 June 2005 until 18 June 2008

- 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 and 2005
- 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: 10

Meetings attended: 9

**Ms Rhonda Parker**

Appointed 17 June 2004

Current appointment until 17 June 2007

- Former Minister in the Western Australian Parliament with responsibility for Seniors
- Chief Executive Officer of the Positive Ageing Foundation of Australia
- Leading commentator on ageing
- Wealth of experience in the development and direction of policies on ageing, in particular positive ageing
- Member of the Australian Institute of Company Directors
- A judge for the Minister's Awards for Excellence in Aged Care
- Background in education, government and management.

Meetings eligible to attend: 10

Meetings attended: 9





**Mr Peter Toohey**

Appointed 22 September 1997  
Reappointed 21 November 2003  
until 21 November 2006

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: 10  
Meetings attended: 10



**Mr Paul Wilmot**

Appointed 21 November 2003  
Current appointment until 21  
November 2006

- Chairman of the Energy Industry Ombudsman Ltd (WA) Board
- Part-time member of the State Administrative Tribunal WA
- Chief Executive Officer of Anglican Homes WA (1987-2003)
- WA State President and National President of Aged and Community Services Australia (1993-1996)

- Served as Chair of the International Association of Homes and Services for the Ageing during 1999 to 2003.
  - Regular Army Officer (1965-1987)
  - Served on Nursing Home Pricing Review Reference Group
  - Fellow of the Australian Institute of Management
  - Member of the Australian Institute of Company Directors.
- Meetings eligible to attend: 10  
Meetings attended: 9

**Operating Results**

The operating profit amounted to **\$1,944,435**. 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 Melbourne office moved to new premises at Box Hill, with subsequent gains in space and meeting 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 2004/2005 has been on monitoring compliance of homes with the Accreditation Standards. The focus for 2005/2006 will be on Round 3 accreditation.

### **Audit and Finance Committee**

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

- Discharge its responsibility to exercise due care, diligence and skill in relation to:
  - reporting of financial information
  - application of accounting policies
  - financial management

- internal control systems
- risk management systems
- policies and practices
- protection of the company's assets
- financial assessment of new business
- proposals
- compliance with applicable laws,
- regulations and standards

- Provide a formal forum for communication between the board and management, internal and external audit auditors; thus improving the efficiency and effectiveness of the board
- Improving the quality of internal and external reporting of financial and non-financial information
- Providing a structured reporting line for internal audit and facilitating the maintenance of the objectivity of the internal auditor
- Fostering an ethical culture throughout the company.

### **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

The focus has been on monitoring compliance of homes with the Accreditation Standards

- 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 \$39,600 for all Directors and officers.

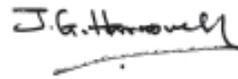
#### **Directors' benefits**

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



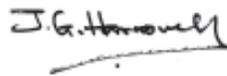
Dated 12 September 2005

#### **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 2005 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.

Director



Director



Dated 12 September 2005



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

In relation to our audit of the financial report of the Aged Care Standards and Accreditation Agency Limited for the year ended 30 June 2005, to the best of my knowledge and belief, there have been:

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

Australian National Audit Office

P Hinchey  
Senior Director  
For the Auditor-General  
21 September 2005

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



## Statement of Financial Performance

For the year ended 30 June 2005	Note	2005 \$	2004 \$
Revenue from ordinary activities	2	20,625,997	14,490,504
Employee expenses		(13,483,864)	(12,847,320)
Depreciation and amortisation		(276,618)	(305,837)
Other expenses from ordinary activities	2	(4,921,080)	(5,151,027)
<b>Net operating profit/(loss) from ordinary activities</b>		<b>1,944,435</b>	<b>(3,813,680)</b>
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>		<b>1,944,435</b>	<b>(3,813,680)</b>

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

## Statement of Financial Position

As at 30 June 2005	Note	2005 \$	2004 \$
<b>Current assets</b>			
Cash assets	6	9,428,082	6,444,199
Receivables		252,602	77,791
Other	7	226,283	77,676
<b>TOTAL CURRENT ASSETS</b>		9,906,967	6,599,666
<b>Non-current assets</b>			
Property, plant and equipment	8	955,638	787,549
<b>Total Non-Current Assets</b>		955,638	787,549
<b>Total assets</b>		10,862,605	7,387,215
<b>Current liabilities</b>			
Payables	9	1,045,304	1,213,067
Provisions	10	747,815	739,219
Other	11	3,009,038	1,329,604
<b>TOTAL CURRENT LIABILITIES</b>		4,802,157	3,281,890
<b>Non-current liabilities</b>			
Provisions	12	401,867	391,179
<b>Total non-current liabilities</b>		401,867	391,179
<b>Total liabilities</b>		5,204,024	3,673,069
<b>Net assets</b>		5,658,581	3,714,146
<b>Equity</b>			
Retained profits	13	5,658,581	3,714,146
<b>TOTAL EQUITY</b>		5,658,581	3,714,146

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

## Statement of Cash Flows

For the year ended 30 June 2005	Note	2005 \$	2004 \$
<b>Cash flows from operating activities</b>			
Receipts from customers and government grants		21,302,992	10,644,034
Payments to suppliers and employees		(18,171,379)	(17,862,080)
Interest received		335,923	444,769
GST received/(paid)		64,979	(26,643)
Net cash inflow/(outflow) from operating activities	5	3,532,515	(6,799,920)
<b>Cash flows from investing activities</b>			
Purchase of property, plant & equipment		(551,438)	(133,130)
Proceeds on disposal of property, plant & equipment		2,806	1,600
Net cash outflow from investing activities		(548,632)	(131,530)
Net increase/(decrease) in cash held		2,983,883	(6,931,450)
Cash at the beginning of the financial year		6,444,199	13,375,649
<b>CASH AT END OF THE FINANCIAL YEAR</b>	6	<b>9,428,082</b>	<b>6,444,199</b>

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



## Notes to the Financial Statements

### For the year ended 30 June 2005

#### 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 Aged Care Standards and Accreditation Agency Limited (the Company). 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 entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

Long service leave provision continues to be provided in accordance with AASB1028.

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

### Crediting as income

	2005 \$	2004 \$
Revenue from operating activities		
Government grants received	16,528,000	6,568,000
Accreditation revenue	2,952,935	6,524,487
Training revenue	688,752	944,167
Interest	378,867	430,855
Other revenue	77,443	22,995
Revenue from ordinary activities	20,625,997	14,490,504

### Charging as expenses

Depreciation of non-current assets: Property, plant and equipment	276,618	305,837
Employee benefits	39,428	84,514
Other expenses		
IT	259,338	254,291
Legal	138,832	158,979
Other professional fees	225,215	205,237
Printing and stationery	194,781	144,093
Rental expense on operating leases	1,568,981	1,681,300
Seminars and conferences	65,180	201,593
Telephones and communications	254,931	620,156
Training and recruitment	341,326	295,494
Travel	1,270,031	1,026,371
Other	602,465	563,513
Total other expenses from ordinary activities	4,921,080	5,151,027
Write down of assets	106,731	254,291

	2005 \$	2004 \$
<b>Note 3. Remuneration of directors</b>		
Directors' remuneration		
Income paid or payable to all directors	236,137	197,642
\$0		2
\$1 - \$ 9,999	-	2
\$10,000 - \$19,999	-	4
\$20,000 - \$29,999	9	4
\$30,000 - \$39,999	-	1
\$40,000 - \$49,999	1	-

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

Mr James Harrowell  
 Mr John Lang, OAM  
 Mr Peter Toohey  
 Mr Paul Wilmot  
 Ms Mary Lyttle  
 Professor Rhonda Nay  
 Mr Shane Fracchia  
 Professor Joseph Ibrahim  
 Ms Rhonda Parker  
 Dr Michael Bollen AM

#### Note 4. Remuneration of auditors

	\$	\$
Audit of financial report	30,000	30,000

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



2005                      2004  
\$                                      \$

**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 profit/(loss) from ordinary activities to net cash inflow/(outflow) from operating activities**

	\$	\$
Operating profit/(loss) from ordinary activities	1,944,435	(3,813,680)
Non-cash flows in operating profit		
Depreciation	276,619	305,837
Loss /(gain) on sale of property, plant and equipment	103,925	223,645
Changes in assets and liabilities		
(Increase)/Decrease in receivables	(174,812)	1,554,299
(Increase)/Decrease in prepayments	(148,606)	(59,879)
Increase/(Decrease) in payables	195,737	643,865
Increase/(Decrease) in other liabilities	1,315,933	(5,711,738)
Increase/(Decrease) in provisions (current)	8,597	(22,853)
Increase/(Decrease) in provisions (non-current)	10,687	80,584
Net cash inflow /(outflow) from operating activities	3,532,515	(6,799,920)

**Note 6. Cash**

Cash at bank and on hand	9,428,082	6,444,199
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**Note 7. Current assets – Other**

Prepayments	205,432	77,676
Other	20,851	-
Total other current liabilities	226,283	77,676

	2005	2004
	\$	\$
<b>Note 8. Property, Plant and Equipment</b>		
<b>Furniture &amp; fittings</b>		
Cost		
Opening	804,825	1,281,913
Additions	139,074	53,403
Disposals	(179,409)	(530,491)
Closing	764,490	804,825
Accumulated depreciation		
Opening	(500,084)	(714,031)
Depreciation expense	(63,770)	(97,840)
Write back on disposals	124,963	311,787
Closing	(438,891)	(500,084)
Net, furniture and fittings	325,599	304,741
<b>Computers</b>		
Cost		
Opening	2,636,592	2,705,330
Additions	234,168	48,580
Disposals	(788,872)	(117,318)
Closing	2,081,888	2,636,592
Accumulated depreciation		
Opening	(2,233,394)	(2,152,991)
Depreciation expense	(186,558)	(191,179)
Write back on disposals	736,587	110,776
Closing	(1,683,365)	(2,233,394)
Net, computers	398,523	403,198
<b>Office Equipment</b>		
Cost		
Opening	218,723	187,576
Additions	178,196	31,147
Disposals	(850)	-
Closing	396,069	218,723
Accumulated depreciation		
Opening	(139,113)	(122,295)
Depreciation expense	(26,290)	(16,818)
Write back on disposals	850	-
Closing	(164,553)	(139,113)
Net, office equipment	231,516	79,610
Total property, plant and equipment	955,638	787,549

	2005	2004
	\$	\$

### Note 9. Current liabilities – Payables

Trade creditors	1,045,304	1,213,067
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### Note 10. Current liabilities – Provisions

Annual leave	747,815	739,219
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### Note 11. Current liabilities - Other

Unearned income	2,430,219	1,177,510
Accrued expenses	578,819	152,094
Total other current liabilities	3,009,038	1,329,604

### Note 12. Non-current liabilities – Provisions

Employee benefits		
Long service leave	401,867	391,179
Aggregate employee benefit liability (refer to notes 10 and 12)	1,149,682	1,130,398
	Staff Number	Staff Number
The number of full time equivalent staff employed as at 30 June are:	161	129

### Note 13. Retained profits

Retained profits at the beginning of the financial year	3,714,146	7,527,826
Net profit/(loss) from ordinary activities	1,944,435	(3,813,680)
Retained profits at the end of the financial year	5,658,581	3,714,146

### Note 14. Issued capital

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

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

## Note 15. Expenditure Commitments

	2005	2004
	\$	\$
<b>(a) Operating Leases</b>		
Non-cancellable operating leases contracted for but not capitalised in the accounts		
Payable:		
Within one year	921,869	498,583
Later than one year but not later than 5 years	2,420,827	2,370,861
Later than 5 years	1,017,922	1,171,844
	<u>4,360,618</u>	<u>4,041,288</u>
<b>(b) Capital commitments</b>		
Commitments contracted for		
Plant and equipment purchases or		
Capital expenditure projects		
Payable:		
Within one year	-	11,141
	<u>-</u>	<u>11,141</u>

## Note 16. Contingent liabilities

Aged Care Standards & Accreditation Agency has no contingent liabilities as at 30 June 2005 (30 June 2004: 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 2005 was 5.13% (30 June 2004: 4.93%).

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

2005	Floating interest rate \$	Non interest bearing \$	Total \$	Weighted average effective interest rate %
<b>Financial assets</b>				
Cash	9,428,082	-	9,428,082	5.13
Receivables	-	252,602	252,602	-
	<b>9,428,082</b>	<b>252,602</b>	<b>9,680,684</b>	
<b>Total assets</b>			<b>10,862,605</b>	
<b>Financial liabilities</b>				
Payables	-	1,045,304	1,045,304	-
Other	-	578,819	578,819	-
Provisions	-	747,815	747,815	-
	<b>-</b>	<b>2,371,938</b>	<b>2,371,938</b>	
<b>Total liabilities</b>			<b>5,204,024</b>	

2004	Floating interest rate \$	Non interest bearing \$	Total \$	Weighted average effective interest rate %
<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>-</b>	<b>2,104,380</b>	<b>2,104,380</b>	
<b>Total liabilities</b>			<b>3,673,069</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 income from the Department of Health and Ageing in the form of the accreditation grant, income from education activities and from fees paid by registered aged care facilities.

### **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)**

The Australian Accounting Standards Board has issued replacement Australian Accounting Standards. These new standards are called the Australian Equivalents to International Financial Reporting Standards (IFRS), which become effective for the 2005-2006 financial year. The standards being replaced are to be withdrawn with effect from 2005-06, however continue to apply to financial year ending 30 June 2005. Any existing AASB standards that have no IFRS equivalent will continue to apply.

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.

Entities complying fully with the Australian Equivalents will be able to make an explicit and unreserved statement of compliance with IFRSs as well as a statement that the financial report has been prepared in accordance with Australian Accounting Standards.

The company has commenced transitioning its accounting policies and financial reporting from current Australian Standards to Australian Equivalents (IFRSs). The Chief Financial Officer is formally responsible for the project and reported regularly to the Audit & Finance Committee on the progress against the approved formal plan. All major accounting policy differences between current AASB standards and AEIFRS were identified. Expert advice were consulted where necessary to assist with the transition.



## **Key policy differences arising from the adoption of AEIFRS**

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

Australian Standard AASB 116 requires the cost of an asset to include the estimated cost of dismantling, removing the asset and restoring the site, to the extent that those costs are recognised as a provision under AASB 137.

### **Employee benefits**

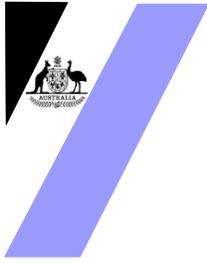
Australian Standard AASB 119 requires annual leave which is not expected to be taken within 12 months of the financial year, to be discounted using market yields on National Government Bonds as at the reporting date. The company is not expected to make any adjustment for non current annual leave.

### **Known or reliable information about the impact of AEIFRS on the financial report**

The company management's review of the quantitative impacts of AEIFRS represents the best estimate of the impacts of the changes as at the reporting date. The actual effects of the impact of AEIFRS may differ from these estimates due to: continuing review of the impacts of AEIFRS ; potential amendments to the AEIFRS and AEIFRS interpretation; and emerging interpretation as to the accepted practice in the application of AEIFRS and AEIFRS Interpretations.

As at 30 June 2005

	AGAAP \$	AEIFRS \$	Difference \$
<b>CURRENT ASSETS</b>			
Cash assets	9,428,082	9,428,082	
Receivables	252,602	252,602	
Other	226,283	226,283	
<b>TOTAL CURRENT ASSETS</b>	9,906,967	9,906,967	
<b>Non-current assets</b>			
Property, plant and equipment	955,638	1,201,236	245,598
<b>Total Non-Current Assets</b>	955,638	1,201,236	245,598
<b>Total assets</b>	10,862,605	11,108,203	245,598
<b>Current liabilities</b>			
Payables	1,045,304	1,045,304	
Employees provisions	747,815	747,815	
Other	3,009,038	3,254,636	245,598
<b>TOTAL CURRENT LIABILITIES</b>	4,802,157	5,047,755	245,598
<b>Non-current liabilities</b>			
Provisions	401,867	401,867	
<b>Total non-current liabilities</b>	401,867	401,867	
<b>Total liabilities</b>	5,204,024	5,449,622	245,598
<b>Net assets</b>	5,658,581	5,658,581	
Equity			
Retained profits	5,658,581	5,658,581	
<b>Total Equity</b>	5,658,581	5,658,581	



## INDEPENDENT AUDIT REPORT

To the members of Aged Care Standards and Accreditation Agency Limited

### Scope

#### *The financial report and Directors' responsibility*

The financial report comprises:

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

of the Aged Care Standards and Accreditation Agency Limited (the Agency) for the year ended 30 June 2005.

The Directors of the Agency are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the Agency, and that complies with accounting standards and other mandatory financial reporting requirements in Australia, 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 report in order to express an opinion on it to the members of the Agency. My audit has been conducted in accordance with Australian National Audit Office Auditing Standards, which incorporate Australian Auditing and Assurance Standards, to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, 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.

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I have performed procedures to assess whether, in all material respects, the financial report presents fairly, in accordance with the *Corporations Act 2001*, including compliance with accounting standards and other mandatory financial reporting requirements in Australia, a view which is consistent with my understanding of the Agency's financial position, and of its performance as represented by the statements of financial performance and cash flows.

The audit opinion is based on 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 accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by management.

### ***Independence***

Independence requirements of the Australian professional ethical pronouncements and the *Corporations Act 2001* have been met. I have given to the Directors of the Agency a written Auditor's Independence Declaration.

### **Audit Opinion**

In my opinion, the financial report of Aged Care Standards and Accreditation Agency Limited is 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 2005 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 financial reporting requirements in Australia.

Australian National Audit Office



P Hinchey  
Senior Director  
For the Auditor-General

Sydney  
21 September 2005

## 1. The Aged Care Standards and Accreditation Agency Ltd

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## 2. National Agency Liaison Group Members

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	ACAA (formerly ANHECA)
Mr Greg Mundy	Aged & Community Services Australia
Ms Irene Gibbons	Carers Australia (until February 2005)
Mr Michael Willis	Anglican Care of the Aged (until June 2005)
Ms Norah McGuire	Australian Pensioners and Superannuants Federation