

AGED CARE STANDARDS AND ACCREDITATION AGENCY LTD

Aged Care Standards and Accreditation Agency Ltd

Health and Ageing Portfolio Agency

ACSAA

| | |
|--|------------|
| Section 1: Agency Overview and Resources | 240 |
| 1.1: Agency Overview | 240 |
| 1.2: Agency Resources | 241 |
| 1.3: 2008-09 Budget Measures..... | 241 |
| Section 2: Agency Outcomes and Planned Performance | 242 |
| 2.1: Summary of Outcome, Agency Resourcing, Outputs and Performance Information | 242 |
| Section 3: Budgeted Financial Statements | 247 |
| 3.1: Explanatory Tables | 247 |
| 3.2: Analysis of Budgeted Financial Statements | 248 |
| 3.3: Budgeted Financial Statements Tables | 249 |
| 3.4: Notes to the Financial Statements | 253 |

Section 1: Agency Overview and Resources

1.1: AGENCY OVERVIEW

The Australian Government established the Aged Care Standards and Accreditation Agency Ltd (the Agency) as a wholly owned Commonwealth company limited by guarantee and incorporated in October 1997. The Agency is subject to the *Commonwealth Authorities and Companies Act 1997* and the *Corporations Act 2001*.

The major functions of the Agency are to manage the accreditation and ongoing supervision of Australian Government-funded aged care homes and to promote high quality care by providing information and education services. The Agency also strategically manages aged care homes working towards accreditation, and liaises with the Department of Health and Ageing about homes that do not comply with the Accreditation Standards.

The Agency has been appointed the ‘accreditation body’ under Division 80 of the *Aged Care Act 1997* (the Act), until June 2009 (by way of a contract with the Australian Government). This contract is called the Deed of Funding Agreement, and along with the Accreditation Grant Principles 1999, sets out those services that the Agency will provide.

Summary of Agency Outcome and Output Group

The products and services delivered by the Agency that contribute to the achievement of Outcome 4 within the Department of Health and Ageing outcome structure are summarised in Table 1.1.1.

Table 1.1.1: Agency Outcome and Output Group

| Outcome | Output Group |
|--|---|
| Older Australians Enjoy Independence, Good Health and Well-Being. High Quality, Cost-Effective Care is Accessible to Frail Older People, and their Carers are Supported¹ | Output Group 1 – Accrediting, Monitoring and Promoting High Quality Care through Information, Education and Training for Australian Government Funded Aged Care Homes |

¹ This is Outcome 4 of the Department of Health and Ageing, to which this Agency contributes. For further resourcing details of this outcome, please refer to the Outcome 4 chapter located earlier in these Portfolio Budget Statements.

1.2: AGENCY RESOURCES

Table 1.2.1 shows the total resources from all origins. The table summarises how resources will be applied by outcome and by departmental classification.

The total resourcing for the Agency in the 2008-09 Budget is \$61.312 million.

Table 1.2.1: Agency Resource Statement

| | Estimate of prior + year amounts available in 2008-09 \$'000 | Proposed at Budget = 2008-09 \$'000 | Total Estimate 2008-09 \$'000 | Estimated Appropriation Available 2007-08 \$'000 |
|---|---|--|--|--|
| Opening Balance/Reserves at Bank Bank | 11,828 | - | 11,828 | - |
| REVENUE FROM GOVERNMENT | | | | |
| Ordinary Annual Services | | | | |
| Outcome 1 | - | - | - | - |
| Total Ordinary Annual Services | - | - | - | - |
| Total Annual Appropriations | - | - | 11,828 | - |
| Payments from Related Entities | | | | |
| Amounts from the portfolio department | - | 19,946 | 19,946 | 21,219 |
| Amounts from other agencies | - | - | - | - |
| Total Related Entities | - | 19,946 | 19,946 | 21,219 |
| Total Funds from Government | - | 19,946 | 31,774 | 21,219 |
| FUNDS FROM OTHER SOURCES | | | | |
| Interest | - | 616 | 616 | 652 |
| Sale of goods and services | - | 17,094 | 17,094 | 5,126 |
| Other | - | - | - | - |
| Total Funds from Other Sources | - | 17,710 | 17,710 | 5,778 |
| Total Net Resourcing for ACSAA | 11,828 | 37,656 | 61,312 | 26,997 |

1.3: 2008-09 BUDGET MEASURES

Section 1.3 is not applicable to the Agency in 2008-09.

Section 2: Agency Outcomes and Planned Performance

The Australian Government requires agencies to measure their intended and actual performance in terms of outcomes. Government outcomes are the results, impacts or consequences of actions by the Government on the Australian community. Agencies are required to identify the output groups that demonstrate their contribution to Government outcomes over the coming year.

This section summarises output groups, specifying the performance indicators and targets used to assess and monitor the performance of the Agency in achieving Government outcomes.

Outcome 1 – Older Australians Enjoy Independence, Good Health and Wellbeing. High Quality, Cost Effective Care is Accessible to Frail Older People, and their Carers are Supported

2.1: SUMMARY OF OUTCOME, AGENCY RESOURCING, OUTPUTS AND PERFORMANCE INFORMATION

Outcome Summary

The Australian Government is committed to high quality residential aged care through the aged care residential accreditation process. This accreditation process verifies that residential aged care facilities provide quality care and services. The Government, through the Agency, supervises and monitors compliance with the Accreditation Standards, to ensure residents receive a high standard of care in aged care facilities.

The Agency communicates with industry and the public about issues and developments in aged care, and its role in promoting high quality care. These activities raise industry standards in general, leading to better outcomes in the provision of care to residents.

Key Strategic Directions

- Assess and strategically manage residential aged care services working towards accreditation.
- Provide ongoing monitoring of residential aged care services for compliance with the Accreditation Standards.
- Further develop education activities in promoting high quality care.
- Provide information to industry to assist them to improve the quality of care for residents.

Major Activities

Accreditation of Aged Care Services

Over the next three years, the Australian Government, through the Agency, will manage the accreditation process for all residential aged care facilities.

In 2008-09, the Agency's accreditation activity will focus on the 1,772 aged care facilities whose accreditation period is due for review during the year. To assist these facilities in meeting Accreditation Standards, the Agency will conduct accreditation audits and assess compliance against the 44 outcomes of the Accreditation Standards, as set out in the Quality of Care Principles 1997. The Agency will conduct follow-up support visits and review audits as required. These assessments will benefit the community through the improvement and maintenance of the quality of care to frail older people in aged care facilities.

The major challenge the Agency may face in 2008-09 will be to properly resource the third year peak in accreditation activity that will occur during the year. To overcome this challenge, the Agency will employ strategies to attract and retain additional staff and contractor assessor resources during the year.

Monitoring Compliance with the Accreditation Standards

The Australian Government is focused on promoting high quality care and monitoring compliance with the Accreditation Standards using support contacts and review audits conducted by the Agency. A support contact is a visit to an aged care home for the purpose of monitoring the home and assisting with its continuous improvement.

In 2008-09, the Agency will complete at least one unannounced visit to each aged care facility providing follow-up support contact and review audits as required, so that on average all aged care facilities will have had 1.75 visits in the year. It is expected that the Agency will make up to 7,000 visits in 2008-09. These visits will ensure high quality residential aged care is maintained so that the community will have access to good quality care for its frail and older population in residential facilities.

In the same period, the Agency will work with the Department to strengthen the Agency's capacity to monitor and assess homes for compliance with the Accreditation Standards.

Specific targets for the years following 2008-09 will be subject to a new Deed of Funding Agreement with the Government.

Education Activities to Promote High Quality Care

Over the next three years, the Australian Government, through the Agency, will continue to assess and develop the most effective educational activities, to promote high quality care for residents of aged care residential facilities. The Agency will seek feedback from attendees and refer accreditation activity to ascertain topics of interest and concern that require reinforcement.

During 2008-09, the Agency will conduct six Better Practice Conferences, and deliver an estimated 420 quality education activities covering the Accreditation Standards, 61 seminars and 43 assessor courses. Through these educational activities, the Agency will target approved providers of residential aged care facilities to assist the approved providers to improve care for residents and strengthen management systems that underpin delivery of

care for residents. This will benefit the community through the resulting continual improvement of aged care in Australia.

Approved providers have limited resources to fund and find time for staff to attend educational courses and seminars. The challenge to the Agency is to continue to provide relevant material professionally presented so that attendance at Agency seminars and courses remains high and beneficial. The Agency will address this challenge with its strategy of assessment and development of material.

Information to the Industry on Accreditation Standards

The Australian Government is focused on ensuring quality care for frail and older Australians. The Government aims to promote the improvement in quality of care to residents through the Agency's information activity.

In 2008-09, the Agency will provide information to industry to assist them to improve the quality of care for residents through the Agency's monthly publication, *The Standard*. Articles in *The Standard* focus on particular elements of the Accreditation Standards and can be used in staff education and training programs.

In addition, the Agency will provide self-directed educational packages, which are available on the Agency's website² as free downloads, covering areas such as self-assessment, continuous improvement and demystifying dementia. The Agency has also developed a Governance and Accreditation Toolbox to assist boards of residential aged care organisations to better understand their roles and responsibilities.

The Agency aims to enhance the understanding of Accreditation Standards by approved providers and improve the quality of care at their facilities through the provision of this information. By providing this information, the Australian Government, through the Agency, will benefit the community with improved care for its older and frail citizens.

The challenge to this initiative is to ensure that the information provided continues to be relevant, useful and of interest to approved providers so that residents benefit from its dissemination. The Agency has a strategy of continual research to source valuable information.

Funding for these major activities is sourced from Output Group 1 – Accreditation, Monitoring and Promoting High Quality Care through Information, Education and Training for Australian Government Funded Aged Care Homes.

² Accessible at <www.accreditation.org.au>.

Agency Resourcing

Table 2.1.1 shows how the 2008-09 Budget appropriations translate to total resourcing for the Agency, including revenue from government (appropriations), revenue from other sources, and the total price of outputs.

Table 2.1.1: Total Resources for the Agency

| | 2008-09 Total estimate of available resources \$'000 | 2007-08 Estimated actual \$'000 |
|--|---|--|
| Output Group 1: | | |
| Departmental Outputs | | |
| Accrediting, Monitoring and Promoting High Quality Care Quality Care through Information, Education and Training, for Australian Government Funded Aged Care Homes | - | - |
| Revenues from other sources | 37,656 | 26,997 |
| Subtotal for Output Group 1 | 37,656 | 26,997 |
| Total Resources for Aged Care Standards Accreditation Agency | 37,656 | 26,997 |
| | 2008-09 | 2007-08 |
| Average Staffing Level (Number) | 218 | 200 |

Contribution of Administered Programs

There are no administered programs for the Agency in 2008-09.

Contribution of Departmental Outputs

Output Group 1 – Accrediting, Monitoring and Promoting High Quality Care through Information, Education and Training for Australian Government Funded Aged Care Homes

The outputs delivered under this output group include the accreditation and monitoring of care and services of aged care homes, and the promotion of high quality care.

The output group's contribution to this outcome is measured by reporting bi-annually and annually against targets, liaising with the Department about services that do not comply with the standards, and undergoing a quality industry audit of processes and procedures.

Performance Information for the Agency

Performance information for the output group relating to the Agency is summarised in Table 2.1.2.

Table 2.1.2: Key Performance Information for the Agency

Performance Information for Departmental Outputs

| Indicator | 2008-09 Reference Point or Target |
|--|---|
| Output Group 1 – Accrediting, Monitoring and Promoting High Quality Care through Information, Education and Training for Australian Government Funded Aged Care Homes | |
| Timely monitoring of services for compliance with Accreditation Standards. | Average of 1.75 visits per aged care home per year. All homes to have at least one unannounced visit per year. |
| Service compliance with Accreditation Standards and the service improvement plan. | 97% of services compliant with 44 expected outcomes. |
| Consumer education through the provision of seminars, publications, training courses and education components in support contacts. | Production of 170 seminars and 30 conferences. Regular monthly publication of <i>The Standard</i> newsletter. |
| Agency compliance with Deed of Funding requirements. | 100% compliance. |
| Output Group 1 Resourcing: \$37.656m | |

Section 3: Budgeted Financial Statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of agency finances for the Budget year 2008-09. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between the agency and outcome resource statements, movements in administered funds, special accounts and Government Indigenous expenditure.

3.1: EXPLANATORY TABLES

3.1.1: Reconciliation of Total Available Appropriation and Outcomes

3.1.2: Movement of Administered Funds Between Years

3.1.3: Special Accounts

3.1.4: Australian Government Indigenous Expenditure

Section 3.1 is not applicable to the Agency.

3.2: ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

An analysis of the Agency's budgeted financial statements for 2008-09 is provided below.

Departmental Resources

Income Statement

The Agency is expecting a surplus of \$0.150 million for 2008-09 and small surpluses for the following years.

Revenues

Total revenues will increase in 2008-09 to \$37.656 million due to the next accreditation peak of the three year accreditation cycle with over half of all services going through the accreditation review during this period.

Expenses

Total expenses for 2008-09 are estimated at \$37.506 million and \$32.055 million for 2009-10 to reflect the next peak in accreditation activity.

Depreciation and amortisation charges are expected to increase in 2008-09 due to an upgrade in information technology.

Balance Sheet

Cash balance will increase from \$11.828 million (2007-08) to \$14.098 million at the end of 2008-09 with net cash inflow of \$2.572 million from operating activities and outflow of \$0.302 million for the purchase of asset replacements and systems upgrade during this period.

Employee provisions are expected to grow due to the peak accreditation activity in 2008-09, and general increase in funded activities.

3.3: BUDGETED FINANCIAL STATEMENTS TABLES

Table 3.3.1: Budgeted Departmental Income Statement (for the period ended 30 June)

| | Estimated actual 2007-08 \$'000 | Budget estimate 2008-09 \$'000 | Forward estimate 2009-10 \$'000 | Forward estimate 2010-11 \$'000 | Forward estimate 2011-12 \$'000 |
|-------------------------------|--|---|--|--|--|
| INCOME | | | | | |
| Revenue | | | | | |
| Revenues from Government | 21,219 | 19,946 | 22,617 | 22,851 | 19,946 |
| Goods and services | 5,126 | 17,094 | 8,684 | 5,226 | 17,094 |
| Interest | 652 | 616 | 768 | 616 | 616 |
| Total Revenue | 26,997 | 37,656 | 32,069 | 28,693 | 37,656 |
| Gains | | | | | |
| Other | - | - | - | - | - |
| Total Gains | - | - | - | - | - |
| Total Income | 26,997 | 37,656 | 32,069 | 28,693 | 37,656 |
| EXPENSE | | | | | |
| Employees | 19,163 | 27,625 | 22,904 | 21,790 | 26,209 |
| Suppliers | 7,399 | 8,664 | 8,092 | 6,444 | 10,080 |
| Depreciation and amortisation | 838 | 1,217 | 1,059 | 442 | 1,217 |
| Total Expenses | 27,400 | 37,506 | 32,055 | 28,676 | 37,506 |
| Surplus/(Deficit) | (403) | 150 | 14 | 17 | 150 |

Prepared on Australian Accounting Standards basis.

Table 3.3.2: Budgeted Departmental Balance Sheet (as at 30 June)

| | Estimated actual 2007-08 \$'000 | Budget estimate 2008-09 \$'000 | Forward estimate 2009-10 \$'000 | Forward estimate 2010-11 \$'000 | Forward estimate 2011-12 \$'000 |
|---|--|---|--|--|--|
| ASSETS | | | | | |
| Financial Assets | | | | | |
| Cash and equivalents | 11,828 | 14,098 | 13,253 | 11,963 | 12,113 |
| Trade and other Receivables | 209 | 259 | 259 | 57 | 71 |
| Other | 77 | 715 | 83 | 89 | 89 |
| Total Financial Assets | 12,114 | 15,072 | 13,595 | 12,109 | 12,273 |
| Non-Financial Assets | | | | | |
| Infrastructure, plant and equipment | 2,827 | 1,912 | 995 | 1,260 | 1,246 |
| Total Non-Financial Assets | 2,827 | 1,912 | 995 | 1,260 | 1,246 |
| Total Assets | 14,941 | 16,984 | 14,590 | 13,369 | 13,519 |
| LIABILITIES | | | | | |
| Provisions | | | | | |
| Employees | 1,718 | 1,857 | 2,070 | 1,550 | 1,395 |
| Total Provisions | 1,718 | 1,857 | 2,070 | 1,550 | 1,395 |
| Payables | | | | | |
| Suppliers | 952 | 1,330 | 918 | 992 | 1,042 |
| Other | 3,793 | 5,169 | 2,960 | 2,168 | 2,273 |
| Total Payables | 4,745 | 6,499 | 3,878 | 3,160 | 3,315 |
| Total Liabilities | 6,463 | 8,356 | 5,948 | 4,710 | 4,710 |
| Net Assets | 8,478 | 8,628 | 8,642 | 8,659 | 8,809 |
| EQUITY | | | | | |
| Parent Entity Interest | | | | | |
| Retained surpluses or accumulated deficits | 8,478 | 8,628 | 8,642 | 8,659 | 8,809 |
| Total Parent Entity Interest | 8,478 | 8,628 | 8,642 | 8,659 | 8,809 |
| Current Assets | 12,114 | 15,072 | 13,595 | 12,109 | 12,273 |
| Non-Current Assets | 2,827 | 1,912 | 995 | 1,260 | 1,246 |
| Current Liabilities | 5,799 | 7,676 | 5,256 | 4,003 | 3,980 |
| Non-Current Liabilities | 664 | 680 | 692 | 707 | 730 |

Table 3.3.3: Budgeted Departmental Statement of Cash Flows (for the period ended 30 June)

| | Estimated actual 2007-08 \$'000 | Budget estimate 2008-09 \$'000 | Forward estimate 2009-10 \$'000 | Forward estimate 2010-11 \$'000 | Forward estimate 2011-12 \$'000 |
|--|--|---|--|--|--|
| OPERATING ACTIVITIES | | | | | |
| Cash Received | | | | | |
| Goods and services | 5,436 | 16,406 | 9,316 | 5,422 | 17,080 |
| Appropriations | - | - | - | - | - |
| Interest | 652 | 616 | 768 | 616 | 616 |
| Other | 21,466 | 22,078 | 20,408 | 22,207 | 20,151 |
| Total Cash Received | 27,554 | 39,100 | 30,492 | 28,245 | 37,847 |
| Cash Used | | | | | |
| Employees | 19,128 | 27,486 | 22,691 | 22,310 | 26,364 |
| Suppliers | 6,384 | 9,042 | 7,680 | 6,518 | 10,130 |
| Other | 2,030 | - | 824 | - | - |
| Total Cash Used | 27,542 | 36,528 | 31,195 | 28,828 | 36,494 |
| Net Cash from or (Used by) | | | | | |
| Operating Activities | 12 | 2,572 | (703) | (583) | 1,353 |
| INVESTING ACTIVITIES | | | | | |
| Cash Used | | | | | |
| Purchase of property, plant and equipment | 2,896 | 302 | 142 | 707 | 1,203 |
| Total Cash Used | 2,896 | 302 | 142 | 707 | 1,203 |
| Net Cash from or (Used by) | | | | | |
| Investing Activities | (2,896) | (302) | (142) | (707) | (1,203) |
| Net Increase or (Decrease) | | | | | |
| in Cash Held | (2,884) | 2,270 | (845) | (1,290) | 150 |
| Cash at the beginning of the reporting period | 14,712 | 11,828 | 14,098 | 13,253 | 11,963 |
| Cash At the End of the Reporting Period | 11,828 | 14,098 | 13,253 | 11,963 | 12,113 |

Table 3.3.4: Departmental Statement of Changes in Equity — Summary of Movement (Budget year 2008-09)

| | Retained earnings | Asset revaluation reserve | Other reserves | Contributed equity/ capital | Total equity |
|---|----------------------|---------------------------------|-------------------|-----------------------------------|-----------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Opening Balance as at 1 July 2008 | | | | | |
| Balance carried forward from previous period | 8,478 | - | - | - | 8,478 |
| Surplus (deficit) for the period | 150 | - | - | - | 150 |
| Estimated Closing Balance as at 30 June 2009 | 8,628 | - | - | - | 8,628 |

3.4: NOTES TO THE FINANCIAL STATEMENTS

The budgeted financial statements for the Agency are prepared for the Budget year, previous year and three forward years.

Departmental Financial Statements

Budgeted Departmental Income Statement (for the period ended 30 June)

This statement provides a picture of the expected financial results for the Agency by identifying full accrual expenses and revenues. This highlights whether the Agency is operating at a sustainable level.

Budgeted Departmental Balance Sheet (as at 30 June)

The statement shows the financial position of the Agency. It enables decision-makers to track the management of the Agency's assets and liabilities.

Budgeted Departmental Statement of Cash Flows (for the period ended 30 June)

Budgeted cash flows as reflected in the statement of cash flows, provides important information on the extent and nature of cash flows by characterising them into expected cash flows from operating activities, investing activities and financing activities.

Departmental Statement of Changes in Equity – Summary of Movement (Budget year 2008-09)

This table shows the movements in equity during the Budget year.

