



Guide to the Quarterly Financial Report

The Quarterly Financial Report (QFR) was introduced as part of broader initiatives to improve financial reporting and strengthen prudential compliance for approved aged care providers. This document provides guidance on QFR policy and reporting requirements.

Background

As per recommendation 133 from the Royal Commission into Aged Care Quality and Safety, the department is improving financial reporting and strengthening prudential requirements for approved aged care providers. These requirements assist the Government to monitor and support providers, which helps minimise the risk of business failure and protects senior Australians from potential disruptions to their care. Measures to increase financial transparency in the sector are also being introduced to help senior Australians make informed choices about their care.

This Royal Commission recommendation is being implemented through a three-phase Financial and Prudential Monitoring, Compliance and Intervention Framework. The Framework aims to improve sustainability, accountability and transparency within the aged care sector.

Phase 1 commenced in July 2021 and included new mandatory reporting arrangements and an expansion of the information collected in the annual Aged Care Financial Report (ACFR).

Phase 2 commenced from 1 July 2022 and introduced new quarterly financial reporting and transparency requirements.

- The QFR enables more timely analyses of the sector's viability, provides information to the Star Rating system and monitors direct care minutes delivered by aged care services.
- From the 2021-22 financial year, all approved residential aged care providers who submit a General Purpose Financial Report (GPFR) to the department (excluding State and Territory Government providers), are required to publish their GPFR online.

Scope of the QFR

Part 1: Viability and prudential compliance questions

The report includes viability and prudential compliance questions for residential and home care providers. The department and the Aged Care Quality and Safety Commission (the Commission) uses responses to these questions as forward-looking indicators to identify

providers with viability and prudential concerns. Early identification of emerging financial viability issues allows the department and the Commission to proactively work with providers to support their compliance and provide assistance to address financial risks such as referral to the Business Advisory Program (BAS).

The provider's engagement with the department assists:

- the assessment of challenges and risks to providers' viability,
- the identification of options or strategies available to providers that could reduce viability risks, and
- the monitoring of progress, outcomes of government support and actions that providers may put into effect.

In addition, providers' viability and compliance with prudential standards is assessed and used by the Commission to understand risks and develop effective regulatory responses. Reporting also enables the development of sector wide insights to support providers' and senior Australians' understanding of compliance risk.

Part 2: Year to date Financial Statements

The Quarterly Financial Statement (QFS) includes an income statement and balance sheet at the approved provider level. This is segmented into residential care, home care, community, retirement living and other categories, similar to the ACFR. Based on feedback from providers on the ACFR, cash, financial assets and equity are only collected as a total and not required to be segmented. The financial information is used by the department and the Commission to understand sector performance and will be communicated back to the sector.

Although this statement looks similar to the Parent Entity Consolidated Segment note in the ACFR, the QFS is collected at the approved provider level instead of the parent entity level.

Part 3: Residential care labour cost and hours reporting

The residential care labour cost and hours reporting section captures facility-level direct care related labour expenses and hours. This is broken down into care types including registered nurses, enrolled nurses, and personal care workers, similar to the ACFR. Assistants in nursing are considered personal care workers for the purposes of direct care reporting.

The department uses this information to inform costing studies for the Australian National Aged Care Classification (AN-ACC) funding model, which aims to better match funding to resident needs.

Care hours, in conjunction with other qualitative information, are also used to inform Star Ratings for individual aged care services. Star Ratings are published on My Aged Care, providing simple 'at-a-glance' information on residential aged care services to help senior Australians, their families, and carers compare services and make informed choices about their care. Star Ratings are based on:

- five quality indicators,
- service compliance ratings,
- consumer experience, and

- nursing and personal care minutes.

Failure to submit a QFR, or to submit by the due date, will result in a 1 Star Staffing Rating and subsequently affect the service’s overall Star Rating.

Part 4: Home care labour cost and hours reporting

The home care labour cost and hours section is similar to the residential care labour cost and hours section and collects information on the direct care cost and hours delivered in home care. Information is collected at the Aged Care Planning Region level, similar to the ACFR.

In the ACFR for 2021- 22, home care providers were required to submit a balance sheet and income statement at the approved provider level. This requirement is replicated in the QFR by requiring home care providers to complete the Quarterly Financial Statement section explained above. Increased reporting requirements bring greater transparency and accountability to the home care sector by better aligning reporting requirements with residential care.

Part 5: Quarterly Food and Nutrition report

The Australian Government introduced reporting on food and nutrition in July 2021 as a requirement to receive the 2021 Basic Daily Fee (BDF) supplement. In October 2022, the 2021 BDF supplement was rolled into the AN-ACC funding model. The majority of food and nutrition reporting requirements were consequently rolled into the QFR, including service level information on internal and contract catering costs and hours.

The Food and Nutrition report in the QFR has replaced the food and nutrition BDF reporting template.

Qualitative questions from the BDF are separately integrated into annual governance statement requirements. Further information on the BDF supplement is available on the department’s website.

Accountability and Governance

The QFR does not need to be audited. However, legislative requirements, which commenced on 7 September 2022, dictate that the QFR must be signed by:

- a director of the body corporate (if the provider is a body corporate that is incorporated under the Corporations Act 2001); or a member of the provider’s governing body (in any other case).
- for government providers, one of the approved provider’s key personnel who is authorised by the approved provider to sign the report.

This helps ensure the accuracy of information provided through the QFR and increases oversight of approved providers’ financial position.

The reporting responsibilities for each type of provider are outlined in the table below.

Table 1: QFR reporting responsibilities

Section name	Data collection level	Provider type		Organisation grouping		
		Residential Care	Home Care	Not for profit	For profit	Government
Viability and Prudential Compliance Questions	Segment	YES	YES	YES	YES	NO
Quarterly Financial Statements	Approved Provider	YES	YES	YES	YES	NO
Labour costs and hours	Residential - Service level Home Care - Aged Care Planning Region Level	YES	YES	YES	YES	YES
Food and Nutrition financial report	Service level	YES	NO	YES	YES	YES

**Flexible Care - Multi-Purpose Service providers (MPS providers) and National Aboriginal and Torres Strait Islander Flexible Aged Care (NATSIFAC) providers are required to complete the Food and Nutrition financial report.*

Please note that providers who solely deliver Commonwealth Home Support Program services do not have to submit a QFR.

The QFR is due to the department within 35 days after the end of each quarter. Providers have 45 days to submit the quarter two reports due to the Christmas and New Year's holidays. The dates of submission are outlined in the table below:

Table 2: QFR submission timeframe

Quarters (Financial year 2022-23)	Dates of submission	Number of days
Quarter One (July to September)	4 November 2022	35 days
Quarter Two (October to December)	14 February 2023	45 days
Quarter Three (January to March)	5 May 2023	35 days
Quarter Four (April to June)	4 August 2023	35 days

The responsibility to prepare and submit a QFR to the Secretary, as well as publish a GPFR, is set out in the Accountability Principles. Accordingly, compliance with these responsibilities is monitored and enforced by the Commission. The Commission's approach to non-compliance with reporting obligations is set out in its Compliance and Enforcement Policy.

The ACQSC uses information submitted in the QFR to inform its regulatory activities including risk profiling and assessment, targeted monitoring, publishing information on sector performance, and developing education and guidance resources.

Non-compliance with reporting obligations

Providers have responsibilities under the Aged Care Act 1997 and associated Principles to report certain information to the department and the Commission. This includes providing statements on financial and prudential matters, submitting data required under the Quality Indicator Program and making reports under the Serious Incident Response Scheme.

Where a provider fails to meet its reporting obligations, the Commission will consider a range of escalating regulatory actions. Depending on the nature and extent of the non-compliance, this may involve engaging with a provider via telephone/email, issuing a notice requiring the production of information, or taking enforceable regulatory action.

The Commission maintains records of providers' compliance with reporting requirements. This is considered in conjunction with other performance information, including quality of care, to determine the provider's overall risk profile and inform the Commission's response to the non-compliance issue(s). The approach taken will be proportionate and risk-based in accordance with this policy.

The Commission considers factors such as:

- the frequency and timeframe of the non-reporting
- the consequences of the non-reporting in relation to the risk of harm to senior Australians
- whether the provider has advised the Commission or the department (where relevant) of the reporting delay, provided a reasonable explanation for the delay and has a reasonable plan to comply with the requirement and ensure ongoing compliance.

Next Steps

The QFR is available for submission on the first day following the completion of each quarter. Providers are notified via email once the report opens. The Forms Administration helpdesk is available to assist with the completion and submission of the QFR. Providers can call the helpdesk on (02) 4403 0640 or email enquiries to health@formsadministration.com.au.