



Australian Government

Department of Health and Aged Care

# Quarterly Financial Report and Aged Care Financial Report – residential care labour costs and hours data validation guide

September 2024



# Introduction and background



# Introduction

**The Aged Care Financial Report (ACFR) and Quarterly Financial Report (QFR) collect critical data used to provide transparent information to people receiving aged care services so they can continue to receive the high-quality care they deserve.**

Financial reporting is an integral component of the Financial and Prudential Monitoring, Compliance and Intervention Framework (Framework), which was introduced in response to recommendations from the Royal Commission into Aged Care Quality and Safety. It was specifically designed to enhance the prudential regulation and supervision of aged care providers while simultaneously fostering greater accountability and transparency in the sector.



## Why were the ACFR and QFR introduced?

The ACFR and QFR are pivotal elements of the Framework. Its primary purpose is to mandate that aged care providers submit quarterly and annual financial reports to the Department of Health and Aged Care (the department), with the following key objectives:



**Enables the department to track, monitor and benchmark the sector.**



**Provides information for the Star Rating system and the finance and operations information on the *Find a provider* tool to help older people make informed choices.**



**Supports policy initiatives and development.**



**Enables direct care minutes to be monitored and informs the Australian National Aged Care Classification (AN-ACC) funding model.**

## Document Purpose

This document serves as a guide to support aged care providers identify potential issues with data submitted in the QFR and ACFR.

If you have received a request from the department to review your data submitted in the QFR/ACFR, this guide will help you understand the department's questions and possible reasons or responses.

The department's data quality checks focus on the direct care elements which impact the publication of Star Rating and Provider Finance and Operation information.

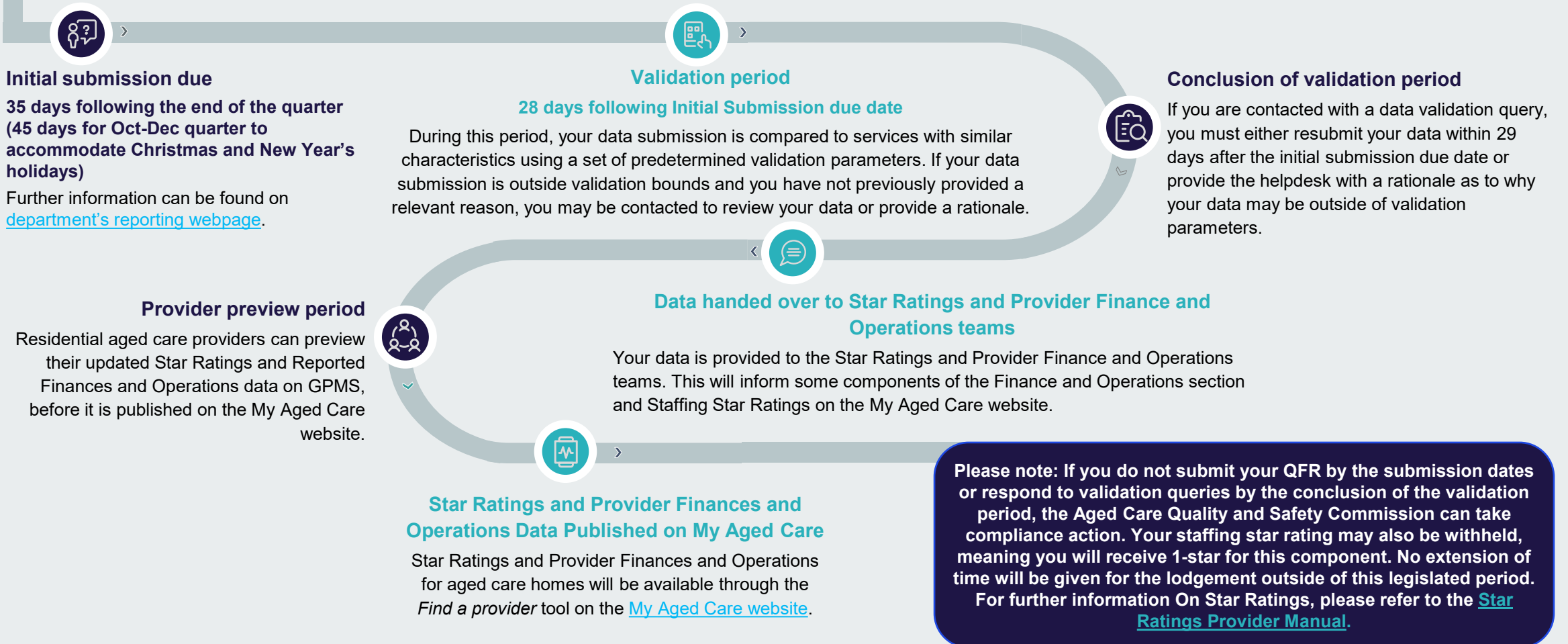
If you have provided rationales in a prior quarter and these remain applicable, we won't resend an email.

You should keep a record of the information on which you based your QFR/ACFR submission, as this may be required as part of the [Care time reporting assessments](#) process.



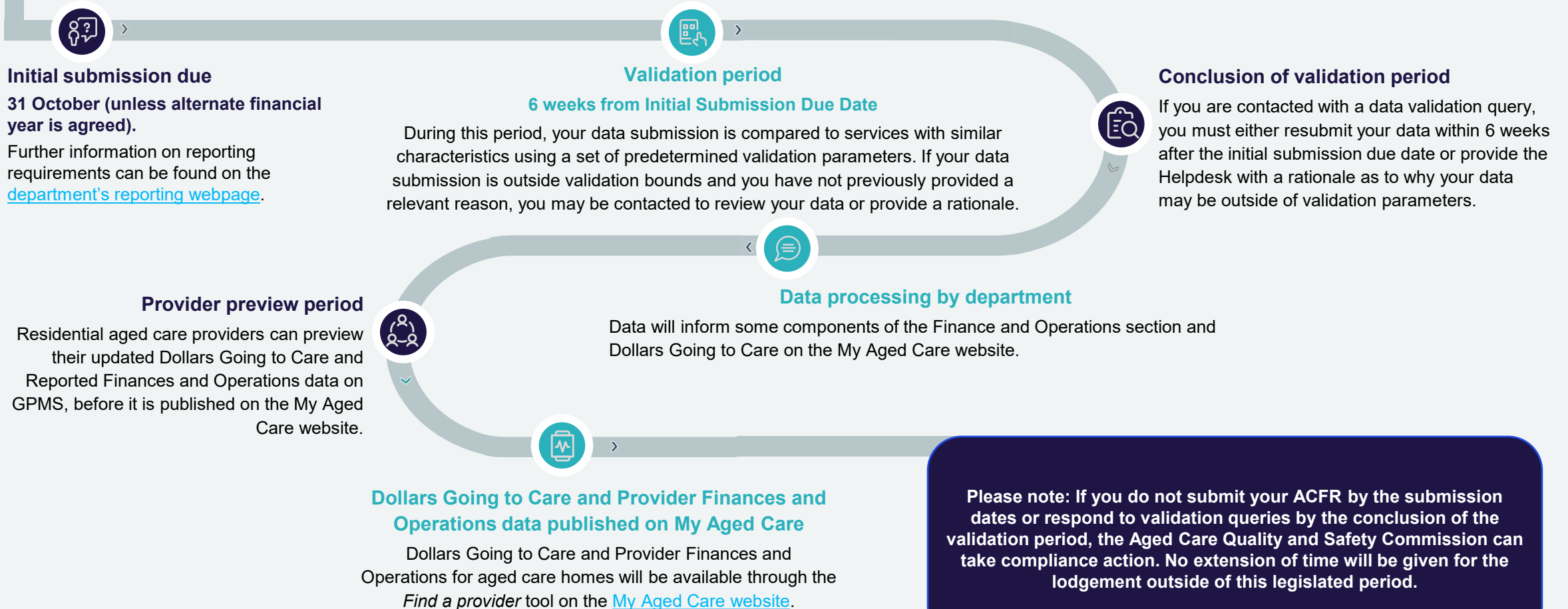
# QFR timeframes

The QFR is available for submission through the [Government Provider Management System \(GPMS\)](#). Key Dates for the reporting period are:



# ACFR timeframes

The ACFR is available for submission through the Online Forms Portal administered by [Forms Administration](#). Key Dates for the reporting period:



# Data validation types across QFR and ACFR



# Average hourly rates

Hourly rate validations can be used to identify potential issues with labour expenditure or hours.

## How is it calculated?

For each occupation, hourly rates are calculated as:

$$\text{Hourly rate (per occupation)} = \frac{\text{Occupational labour costs}}{\text{Occupational labour hours}}$$

## What do I check if I receive an enquiry about hourly rates?

- Does the submitted data align with your organisation's enterprise agreements?
- Have you included all relevant on-costs in the rate? For example, leave, superannuation, termination pay and bonuses. Please see [QFR Definitions](#) and [ACFR Definitions](#) for the full list of labour expenditure to be included in this category.
- Have expenditure and hours been allocated to correct occupation?
- For Agency staff, have the invoices been recognised in the same period the expenditure was incurred? For example, if services were delivered in Q1 and the invoice was paid in Q2, the expenditure should be attributed to Q1.
- Has the data been correctly uploaded or are there potential transcription errors?
- Have non-worked hours (e.g. leave/training) been excluded from reported labour hours?

## What are common rationales provided by services outside validation parameters?

We understand there are reasons services may be outside validation parameters. Some include:

### Higher than comparable services

- services incur high indirect costs due to redundancy payments, leave, etc.
- services with incentive programs to attract employees have higher expenditure levels
- revaluation of leave liabilities in response to a Fair Work Commission wage decision
- contracted terms with agencies in rural/remote locations result in higher costs.

### Lower than comparable services

- surge workforce provided by the department where labour hours were reported, but no expenditure was incurred
- agreements which provide trainees and university students with placements at a low cost in exchange for experience and training.

# Care minutes

Care minute validations are used to identify potential issues with Registered Nurse (RN) or Direct Care labour hours as well as occupied bed days.

## How is it calculated?

Care Minute values are calculated as:

$$\text{RN Care Minutes} = (\text{Employee RN Hours} + \text{Agency RN Hours}) \times 60 / \text{Occupied Bed Days}$$

## What do I check if I receive an enquiry about care minutes?

- Does the submitted data align with your organisation's rostering system and any other accounting system that records hours?
- Do your occupied bed days align with your submitted claim days to Services Australia?
- Has the data been correctly uploaded into GPMS or are there potential transcription errors?
- If care managers are RNs, have their hours been appropriately apportioned between RN labour hours for direct care and care management hours?
- Have you accrued the hours up until the required date if the reporting dates straddle a rostering period?
- Have hours been allocated to the correct occupation?
- Have non-worked hours (e.g. leave/training) been excluded from the labour hours?

## What are common rationales provided by services outside validation parameters?

We understand there are reasons services may be outside validation parameters. Some include:

### Higher than comparable services

- services with low occupancy or offline beds which are rostered for higher levels of occupancy
- specialised care units (e.g. dementia or mental health specialisations) which require higher levels of care or have mandated staffing ratios
- services opening or closing which have shifting levels of occupancy
- changes in staffing profile to prepare for increasing care minute requirements.

### Lower than comparable services

- difficulties in recruiting and retaining Registered Nurses at the service
- workforce challenges in maintaining specific levels of direct care
- specialised care units which require different types of care.



# Ratio of bed days

Submitted bed days are compared with departmental records from Services Australia and the Government Provider Management System (GPMS) to identify potential issues with submitted bed days.

## How is it calculated?

Ratio of bed days are calculated as:

**Occupied bed days ratio = QFR occupied bed days ÷ departmental records from Services Australia Claim**

**Available bed days ratio = QFR available bed days ÷ departmental records from GPMS**

## What do I check if I receive an enquiry about bed days?

### Occupied Bed Days

- Do your occupied bed days align with your submitted claim days to Services Australia?
- If the service is co-located, has bed days been appropriately captured for each Provider ID (PRV ID)?
- Did you submit your claims to Services Australia on time to ensure the validation considers all data over the quarter?

### Available Bed Days

- Have you multiplied your approved bed days by the number of days in the quarter to determine the available bed days?
- Have any beds been taken offline during the quarter?

## What are rationales provided by services outside validation parameters?

We understand there are reasons services may be outside validation parameters. Some common examples include:

### Higher than comparable services

- service has recently opened or merged with/acquired another service
- provider submitted claims to Services Australia late which caused a mismatch between the data from the QFR and departmental data.

### Lower than comparable services

- service has recently opened or merged with/acquired another service.

# Data validation types for QFR Only



# Expenditure per Claim Day

Expenditure per claim day validations are used to identify potential issues with labour expenditure or occupied bed days.

## How is this calculated?

Expenditure per claim day are calculated as:

$$\text{RN} = (\text{Employee RN Costs} + \text{Agency RN Costs}) \div \text{Occupied Bed Days}$$
$$\text{Direct Care} = (\text{Employee RN Cost} + \text{Agency RN Cost} + \text{Employee EN Cost} + \text{Agency EN Cost} + \text{Employee PCW/AIN Cost} + \text{Agency PCW/AIN Cost}) \div \text{Occupied Bed Days}$$

## What should I check if I receive this enquiry?

- Do your occupied bed days align with your submitted claim days to Services Australia?
- Have you included all relevant on-costs? For example, leave, superannuation, termination pay and bonuses. Please see [QFR Definitions](#) for the full list of labour expenditure to be included in this category.
- Has the data been correctly uploaded into GPMS or are there potential transcription errors?
- Have expenditure and hours been allocated to the correct occupation?
- For Agency staff, have the invoices been recognised in the same period the expenditure was incurred? For example, if services were delivered in Q1 and the invoice was paid in Q2, the expenditure should be attributed to Q1.

## What are common rationales provided by services outside validation parameters?

We understand there are reasons that services may be outside validation parameters. Some common examples include:

### Higher than comparable services:

- Services opening with high establishment costs
- Services incur high indirect costs due to redundancy payments, leave, etc.
- Services with incentive programs to attract employees have higher expenditure levels
- Revaluation of leave liabilities in response to a Fair Work Commission wage decision
- High levels of agency staff costs due to workforce challenges.

### Lower than comparable services:

- Workforce challenges
- Service specific characteristics which require different a mix of care.

# Quarterly change in care minutes

The quarterly change in care minute validations are used to identify potential issues with reporting between periods.

## How is it calculated?

Care Minute values are calculated as:

**Quarterly change in RN care minutes = Current quarter RN care minutes  
÷ prior quarter RN care minutes - 1**

**Quarterly change in direct care minutes = Current quarter direct care  
minutes ÷ prior quarter direct care minutes - 1**

## What do I check if I receive an enquiry about care minutes?

- Does the submitted data align with your organisation's rostering system and any other accounting system that records hours?
- Are your occupied bed days accurate based on your submitted claim days to Services Australia?
- Has the data been correctly uploaded into GPMS or are there potential transcription errors?
- If care managers are RNs, has their hours been appropriately apportioned between RN labour hours for direct care and care management hours?
- Have you accrued the hours up until the required date if the reporting dates straddle a rostering period?

- Have hours been correctly allocated to the correct occupation?
- Have non-worked hours (e.g. leave/training) been excluded from the labour hours?
- Were there any issues in reporting your prior quarter care minutes?

## What are common rationales provided by services outside validation parameters?

We understand there are reasons services may be outside validation parameters. Some include:

- changes in occupancy or available beds between quarters
- changes in workforce capacity, availability or profile between periods
- changes in the complexity of residents within the service between periods
- services opening or closing with differing dynamics between periods
- implementation of new systems which record hours in a more accurate manner.



# Non-worked hours

The ratio of non-worked hours to total hours is used to identify potential issues with staff hours records.

## How is it calculated?

This ratio is calculated as:

<b>Non-worked hours divided by total employee hours</b>
---

## What do I check if I receive an enquiry about non-worked hours?

- Have all non-worked hours been recorded correctly? For example, staff training, leave etc.
- Have non-worked hours been removed from labour hours to calculate worked hours?
- Have you accrued the hours up until the required date if the reporting dates straddle a rostering period?
- Have all worked hours been recorded correctly?

## What are rationales provided by services outside validation parameters?

We understand there are reasons services may be outside validation parameters. Some include:

### Higher than comparable services

- higher levels of leave taken within the quarter such as maternity leave and long service leave
- services closing with higher levels of leave being taken at the end of the operating period
- enterprise Bargaining Agreements mandating certain leave requirements
- increase leave due to build up from COVID-19 period or higher levels of sick leave.

### Lower than comparable services

- limited training and staff leave within the quarter
- workforce challenges requiring the use of agency staff and lower proportion of employees with non-worked hours.

# Labour costs to AN-ACC funding

The Labour costs to AN-ACC funding ratio validation is used to identify potential issues with labour cost records.

## How is it calculated?

This ratio is calculated as:

$$\text{Labour costs to AN-ACC funding ratio} = \text{total labour costs (QFR)} \div \text{departmental data on AN-ACC funding from Services Australia}$$

## What do I check if I receive an enquiry about Labour costs?

- Have you included all relevant on-costs in the labour costs? For example, leave, superannuation, termination pay and bonuses. Please see [QFR Definitions](#) for the full list of labour expenditure to be included in this category.
- Has the data been correctly uploaded into GPMS or are there potential transcription errors?
- Have I accrued by labour expenditure to the reporting period accurately i.e. not including expenditure from prior periods, accruing up to the reporting period if the quarter straddles a pay cycle?

## What are rationales provided by services outside validation parameters?

We understand there are reasons services may be outside validation parameters. Some include:

### Higher than comparable services

- services with additional income streams used to compensate high labour costs
- services incur high indirect costs due to redundancy payments, leave, etc.
- services with incentive programs to attract employees have higher expenditure levels
- revaluation of leave liabilities in response to a Fair Work Commission wage decision
- contracted terms with agencies in rural/remote locations result in higher costs.

### Lower than comparable services

- surge workforce provided by the department where labour hours were reported, but no expenditure was incurred
- agreements which provide trainees and university students with placements at a low-cost in exchange for experience and training
- services opening/closing with limited number of occupied residents, whilst receiving funding for approved bed days
- workforce challenges in recruiting or retaining staff.

# Data validation types for ACFR only



# Care expenses to AN-ACC funding

The Care expenses to AN-ACC funding ratio validation is used to identify potential issues with care expense records.

## How is it calculated?

This ratio is calculated as:

$$\text{Care expenses to AN-ACC funding ratio} = \frac{\text{total direct care expenses}}{\text{departmental data on AN-ACC funding from Services Australia}}$$

Total direct care expenses include total direct care labour costs, total resident expenses and total other direct care expenses.

## What do I check if I receive an enquiry about care expenses?

- Have you included all relevant Resident expenses and Other direct care expenses? For example, medical supplies, incontinence supplies, oral nutrition supplements, WorkCover premium, payroll tax, etc. Please see [ACFR Definitions](#) for the full list of direct care expenditure to be included in this category.
- Has the data been correctly uploaded into the Forms Administration portal or are there potential transcription errors?
- For Agency staff, have the invoices been recognised in the same period the expenditure was incurred? For example, if services were delivered in Q1 and the invoice was paid in Q2, the expenditure should be attributed to Q1.

## What are common rationales provided by services outside validation parameters?

We understand there are reasons services may be outside validation parameters. Some include:

### Higher than comparable services

- services with additional income streams used to compensate high labour costs
- services incur high indirect costs due to redundancy payments, leave, etc.
- services with incentive programs to attract employees have higher expenditure levels
- revaluation of leave liabilities in response to a Fair Work Commission wage decision
- contracted terms with agencies in rural/remote locations result in higher costs.

### Lower than comparable services

- surge workforce provided by the department where labour hours were reported, but no expenditure was incurred
- services opening/closing with limited number of occupied residents, whilst receiving funding for approved bed days
- workforce challenges in recruiting or retaining staff.



# Percentage of administration allocated to care

The percentage of administration allocated to care validation is used to identify potential issues with administration expense records.

## How is it calculated?

**Providers directly apportion administration expenses towards care**

## What do I check if I receive an enquiry about administration allocation?

- Has the data been correctly uploaded into GPMS or are there potential transcription errors?
- Have you used a data-driven approach to allocate administration between care, hotel, accommodation and COVID-19?
- Has administration been apportioned in accordance with the [ACFR Definitions](#)
- Have you ensured the allocation is based on the underlying drivers of administration activity for the 8 subcategories of administration listed under the 'residential expenses' section of the ACFR Definitions? Please see [Webinar](#) for further details.

## What are common rationales provided by services outside validation parameters?

This is the first year we are conducting this validation. We will update this guidance based on common rationales once received.

# Administration expenditure per claim day

Expenditure per claim day validations are used to identify potential issues with labour expenditure or occupied bed days.

## How is it calculated?

Administration expenditure per claim day are calculated as:

$$\text{Total administration expenses} \div \text{occupied bed days}$$

## What do I check if I receive an enquiry about administration expenditure?

- Has the data been correctly uploaded into the Forms Administration portal or are there potential transcription errors?
- Do your occupied bed days align with your submitted claim days to Services Australia?
- If the service is co-located, have occupied bed days been appropriately captured for each PRV ID?
- Are costs relating to the facility's administration shared services and/or corporate head office correctly allocated to administration expenses?
- Have you excluded all direct labour insurances (for example, WorkCover premium for nurses and personal care workers?)

- If the employee has conducted duties other than administrative duties, is their time apportioned appropriately?
- Have you included accreditation costs in the quality, compliance and training external costs section listed under 'residential expenses' of the ACFR definitions?

## What are common rationales provided by services outside validation parameters?

This is the first year we are conducting this validation. We will update this guidance based on common rationales once received.

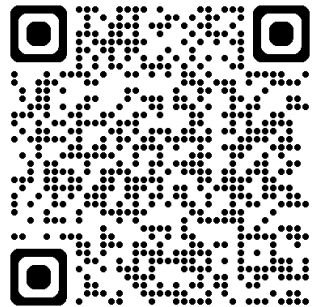
# Useful resources



# Useful ACFR and QFR Resources

**For further information about the ACFR and QFR visit:**

<https://www.health.gov.au/resources/collections/quarterly-financial-report-resources>



## **Information includes:**

- QFR Frequently Asked Questions
- QFR Definitions
- Aged Care Provider Reporting
- GPMS Frequently Asked Questions
- Provider Governance Finances and Operations – Preview and Publication
- Responsibilities of Approved Aged Care Providers
- ACFR Frequently Asked Questions
- ACFR Definitions

## **Additional Sources of Information**

**Better and fairer wages for aged care workers**



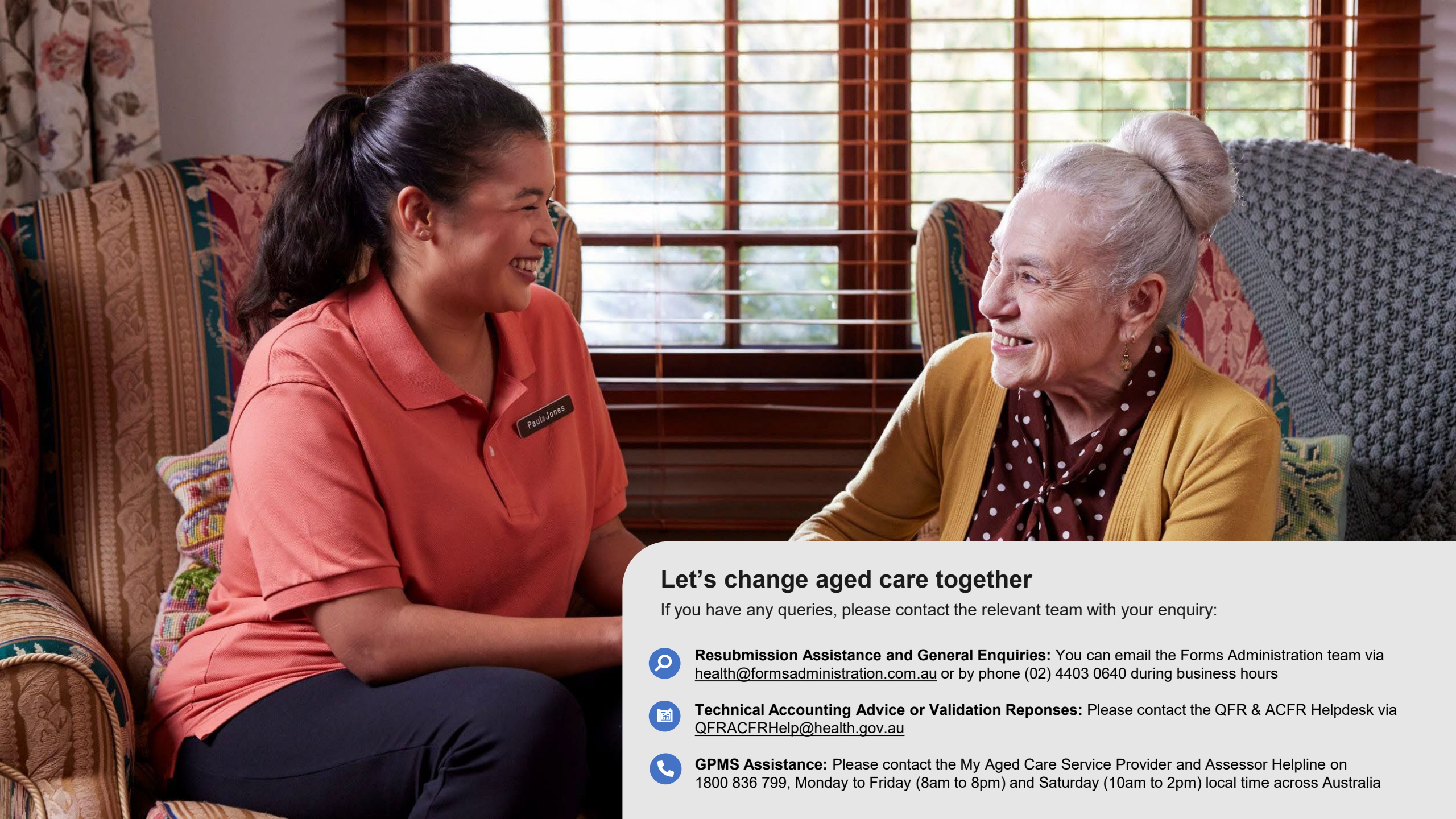
**Financial performance of the Australian aged care sector**



**My Aged Care Service and Support Portal**







## Let's change aged care together

If you have any queries, please contact the relevant team with your enquiry:



**Resubmission Assistance and General Enquiries:** You can email the Forms Administration team via [health@formsadministration.com.au](mailto:health@formsadministration.com.au) or by phone (02) 4403 0640 during business hours



**Technical Accounting Advice or Validation Responses:** Please contact the QFR & ACFR Helpdesk via [QFRACFRHelp@health.gov.au](mailto:QFRACFRHelp@health.gov.au)



**GPMS Assistance:** Please contact the My Aged Care Service Provider and Assessor Helpline on 1800 836 799, Monday to Friday (8am to 8pm) and Saturday (10am to 2pm) local time across Australia