



Australian Government

Department of Health, Disability and Ageing



Audit requirements for Care Minutes Performance Statement

Interim guidance for auditors

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Audit Requirements for Aged Care Time Reporting

The Australian Government is changing the way it funds residential aged care to strengthen the link between care funding and the delivery of care. These changes include new reporting and assurance requirements to help maintain the integrity of the funding arrangements and protect consumers from misreporting and poor performance.

Introduction

The Royal Commission into Aged Care Quality and Safety released its final report in 2021. Their report highlighted systemic issues in the aged care system, in particular, underfunding, understaffing, and a lack of transparency on how care time was delivered.

Recommendation 86 of the Royal Commission recommended a minimum staff time standard for registered residential aged care providers. This included:

- From 1 July 2022, aged care providers must engage registered nurses, enrolled nurses, and personal care workers for at least 200 minutes per day, per resident. At least 40 minutes of this care should be delivered by a registered nurse (RN).
- From 1 July 2024, aged care providers be required to always have at least one registered nurse on site (24/7 RN requirement).

In response to the same Royal Commission recommendation, the Australian Parliament passed the Aged Care Legislation Amendment (Care Minutes Responsibilities) Principles 2023. This Amendment requires aged care facilities, to meet minimum average care time minutes per resident per day from 1 October 2023. From 1 October 2024, the sector-wide average responsibility is 215 minutes per day, including 44 minutes provided by a registered nurse.

Care time responsibilities are outlined under Part 2, Section 6(9) and 6(10) of the Quality of Care Principles 2014 (the Principles) and given effect under Section 54-1 of the *Aged Care Act 1997* (the Act). The 24/7 RN requirement commenced on 1 July 2023 and is established under Section 54-1A of the Act.

The Aged Care reforms also include a new funding model known as the Australian National Aged Care Classification (AN-ACC). Under AN-ACC, each resident is

assigned to a class based on an independent assessment of their care needs. These classes are used to calculate the average care minutes target for services. Services targets are set quarterly, with providers reporting on their performance in the Quarterly Financial Report.

From the 2025-2026 financial year, all residential aged care providers will be required to prepare and submit a Care Minutes Performance Statement (Performance Statement) as part of their annual Aged Care Financial Report (ACFR). The residential aged care providers will be required to engage an external auditor to complete an audit of the Performance Statement. This requirement applies to all registered providers of residential care and all residential care homes, including specialised and non-specialised services, provided at all locations. Providers will be required to submit the first Performance Statement and audit report as part of their Aged Care Financial Report (ACFR) for 2025-26.

Under Sections 88-1 and 88-3 of the Act, aged care providers are responsible for maintaining their records and ensuring that the time data included in their Performance Statement is accurate and complete. These records relate to the assessment of compliance with care time and 24/7 RN responsibilities outlined in Chapter 4 of the Act and enable verification of subsidy claims.

Objectives of this Guide

This guide is designed to assist the external auditor (auditor) engaged by an aged care provider in conducting their audit of the aged care provider's Performance Statement. It includes information that auditors are expected to consider in the conduct of their audit.

This guide is general in nature and does not constitute legal advice. In cases of discrepancy between the guide and the legislation, Sections 54-1 and 54-1A of the Aged Care Act and Section 6(9-10) of the Quality of Care Principles are the primary source documents setting out care time and 24/7 RN onsite attendance reporting requirements.

The audit should be performed in accordance with Standard on Assurance Engagements **ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ASAE 3000)** issued by the Auditing and Assurance Standards Board.¹

¹ This guidance is based on ASAE 3000 Assurance Engagement Other than Audits or Review of Historical Financial Information (ASAE 3000) published 6 September 2022 and is operative for financial reporting periods beginning on or after 15 December 2022. This Standard on Assurance Engagements represents the Australian equivalent of revised ISAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*.

What is the Care Minutes Performance Statement?

The Performance Statement captures detailed information on direct care minutes delivered, associated labour costs, RN coverage, and occupancy. The first Performance Statement will cover the period from the 1 July 2025 to 30 June 2026. A standardised template for this Performance Statement is available on the Department of Health, Disability and Ageing's (the department) website for providers to use.

The following information will be included in the Performance Statement prepared by the aged care provider:

1. Quarterly Labour Costs - Direct Care (Employee and Agency)
2. Labour worked hours Direct Care (Employee and Agency)
3. Monthly Registered Nurse Coverage Percentage
4. Quarterly Bed Occupancy
5. Quarterly Direct Care minutes (worked) per occupied bed day.

Aged care providers will provide this information for each aged care home they operate in one Performance Statement. This information should be provided to the auditor, noting that this information has been reported to the department, either in Quarterly Financial Reports, the monthly Registered Nurse report, or is available through the provider portal. The auditor will provide one audit report on the aged care providers Performance Statement.

Who may conduct the audit?

The audit must be performed by a registered company auditor. The audit may be performed by an existing auditor, who is conducting the audit of the residential care provider's financial statements, or may be performed by another external auditor under a separate engagement. It is a provider's responsibility to ensure that the auditor is a registered company auditor.

The auditor must comply with the independence and ethical requirements relating to assurance engagements, including those contained in APES 110 Code of Ethics for Professional Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The audit firm must comply with Australian Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical

requirements, professional standards and applicable legal and regulatory requirements.²

Alternative auditor

The Secretary of the Department of Health, Disability and Ageing (the System Governor) may approve an alternative auditor at the request of the aged care provider, in exceptional circumstances. For example, if a provider is based in a rural or remote location where there are no registered company auditors. Auditors that are not a registered company auditor should ensure that the aged care provider has obtained approval from the System Governor to engage you prior to commencement of the audit.

² ASQM 1 - Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements

Audit Objective and Requirements

1.1. Audit objective and requirements

The auditor will conduct the audit with the objective of expressing an opinion on the preparation of the aged care provider's Performance Statement in all material respects in accordance with the requirement of the Principles for a given financial year.

The auditor will issue the audit report including the audit opinion in accordance with Standard on Assurance Engagements **ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ASAE 3000)** issued by the Auditing and Assurance Standards Board.

The level of assurance required is reasonable assurance. A reasonable assurance engagement requires the auditor to provide a relatively high level of assurance over their audit conclusion. It is impossible to identify all inaccuracies and reduce engagement risk to zero. However, an auditor can incorporate more detailed testing and evidence gathering to reduce risk to a low level where they are confident their audit conclusion is free from material inaccuracies (see ASAE 3000: 12(a)(i)). Procedures and evidence gathering should consider the materiality of risks identified in Section 2.2. and Table 1 of this guide. The auditor's conclusion is expressed in a form that conveys their opinion on the outcome of the evaluation of the preparation of the aged care provider's Performance Statement against the audit criteria (see ASAE 3000:12(a)(i)(a)).

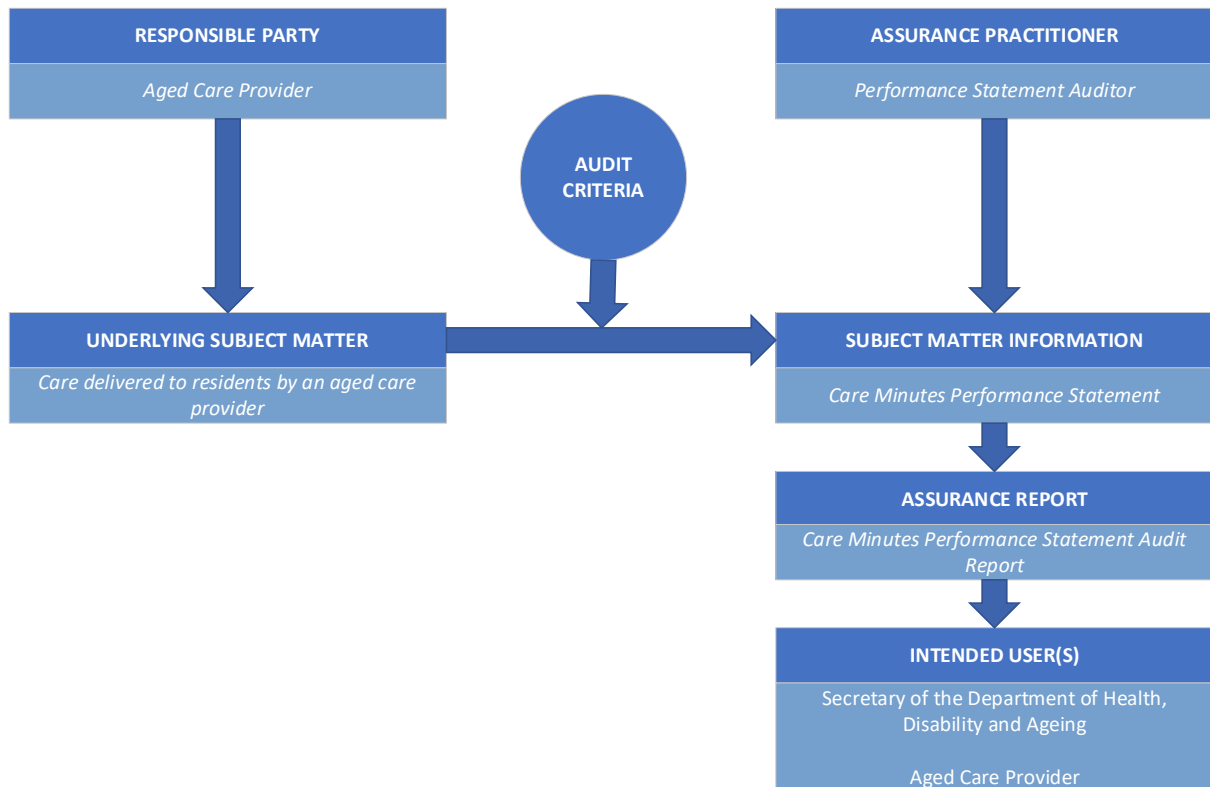
1.2. Intended users of the Care Minutes Performance Statement audit report

Figure 1 identifies the parties involved in the Performance Statement audit. The department is an intended user of the Performance Statement audit report, as the report will be used to consider and assess the accuracy of an aged care provider's reported care time and 24/7 RN responsibilities under the Act and the Principles.

The aged care provider remains the engaging party for the purpose of the Performance Statement audit. The audit report is required to be addressed to both the aged care provider and the **System Governor** (i.e., the Secretary) of the department.³ The auditor must ensure that the terms of the audit engagement reflect these roles and enable the audit report to be both addressed and distributed to the department.

³ See Section 41(3) of the [Accountability Principles 2014](#) – Provision of further information and documents to Secretary.

Figure 1. Parties relevant to the Care Minutes Performance Statement audit and audit report



1.3. Consequences of failing to comply with audit requirements

Providers will be required to submit the first audited Performance Statement as part of the ACFR for 2025-26, which must be submitted by 31 October for each financial year. Auditors should plan for the audit process and report to be completed within an appropriate time that enables an aged care provider to meet these requirements.

Failing to comply with this audit requirement may impact the calculation of an aged care provider's care minutes supplement.

Audit Planning and Design

Audit Planning and Design

Auditors are required to use their professional judgement in planning and performing the audit to determine the nature, timing and extent of audit testing required to form and express an opinion. The auditor will design and perform procedures to obtain reasonable assurance and conclude that the Performance Statement is prepared and appropriately reflects the aged care providers' care time and 24/7 RN responsibilities outlined in the Act and the Principles.

Given that this is a new reporting requirement, it is essential that audit procedures are effectively planned and fit for purpose. Effective engagement with the audit process begins with clear and transparent communication between the auditor (or audit team) and the aged care providers. Where possible, the auditor should integrate planning and reporting with the financial statement audit to create an efficient audit process and reduce the administrative burden placed on providers (see [section 2.4.1](#)).

2.1. Understanding the ASAE 3000 and applicable regulations

Clear understanding of [ASAE 3000](#), the requirements of the [Principles](#) and other regulatory requirements for aged care providers will assist the auditor in designing and performing the audit procedures required to audit the Performance Statement.

Part 2 Section 6(9) and 6(10) of the [Principles](#) identify the required amounts of direct care, and the responsibilities for approved aged care providers in relation to the required amounts of direct care. Section 6(9) of the Principles outlines the *combined staff* and *registered nurse* daily care amounts based on care recipient classification, which should form the basis of audit criteria used by the auditor in their engagement (see ASAE 3000: 12(c), A10).

2.2. Engagement risk

Engagement risk is the risk of auditors expressing an inappropriate conclusion when the subject matter information (care time reporting) is materially misstated (ASAE 3000: 12(f), A11-A14). This may include evidence that is inaccurate or incomplete because of ineffective record keeping and internal controls, and/or inadequate evidence gathering, misrepresentation or fraud. The audit plan should be prepared in line with the ASAE 3000 standard so that the risk of not detecting a material misstatement is mitigated (see ASAE 3000: A12(b)).

The risk of material misstatement includes risks that the auditor does not directly influence. These include:

- **Inherent risk:** The risk of a material misstatement of care time reporting before consideration and application of internal controls (see ASAE 3000: A12(a)(i)).
- **Control risk:** The risk that a material misstatement occurs in care time reporting and is not prevented, or detected and corrected on a timely basis (see ASAE 3000: A12(a)(ii)).

Professional judgement should be applied when considering the materiality of these engagement risks (see ASAE 3000: A81). Refer to [Appendix B for an Engagement Risk Assessment example template](#).

2.2.1. Fraud risk

Aged care providers who report that they are meeting their care time and 24/7 RN requirements are entitled to subsidies and supplements from the Australian Government. Detection and management of fraud risk associated with care time and 24/7 RN reporting requirements is held by the aged care provider, not the auditor. However, the auditor should consider and assess the risk of fraud or suspected fraud in the preparation of the Performance Statement as part of the audit.

For example, fraud can occur where entitlement to subsidies or supplements is calculated based on misreported information. This could include:

- misstating the volume of care duties or on-site attendance that is delivered;
- misattributing non-care activities such as administrative work as care time; and/or
- allocating care time against an incorrect category of employee.

[The department's Fraud and Corruption Control Plan 2023-25](#) identifies how providers can recognise current fraud and corruption risks and integrate control strategies in their everyday business. The auditor should assess the provider's ability to prevent, detect, respond, monitor and report on fraud relevant to the Performance Statement. This may include reviewing providers' fraud control plans, and their systems and procedures relating to fraud prevention, investigations, and reporting.

The auditor should consider the risk of the aged care provider's personnel gaining unauthorised access to reporting systems to alter reporting information, and providers being unable to independently verify self-reported information.

2.3. Audit Criteria

Audit criteria provides a common understanding between the auditor, the aged care provider and the department on the standards against which the aged care provider's Performance Statement will be assessed. They also provide the structure for evidence gathering and testing.

To assess whether an aged care provider's Performance Statement complies with the Act and the Principles, the auditor should apply the following audit criteria:

- whether the preparation of the Performance Statement accurately and completely measures the aged care provider's care minutes performance and RN 24/7 reporting and onsite obligations;
- whether the Performance Statement is prepared based upon appropriate records that properly record the aged care provider's performance; and
- whether the annual Performance Statement is prepared in accordance with the Principles for the relevant reporting period.

The auditor should review the proposed criteria and determine whether they are appropriately qualified and confident they can provide this audit service.

Should the auditor choose to develop their own audit criteria in addition to the above, it should be designed for the purpose of achieving the audit objective and be clearly presented in the Performance Statement audit report. Criteria should be relevant, complete, reliable, neutral and understandable (see 'Applicable Criteria', ASAE 3000: A45 – A52).

2.4. Understanding the entity, subject matter and other reporting requirements

Understanding the entity, subject matter and other engagement circumstances provides the auditor with a frame of reference for exercising professional judgment throughout the audit and to understand the risk of material misstatement (ASAE 3000: A103, A106). The aged care sector is made up of not-for-profit, for-profit and government providers that vary in size, maturity and complexity of operating systems. The auditor will apply professional judgment in considering the characteristics of the aged care provider in the context of the Performance Statement audit.

2.4.1. Use of another auditor's work who is engaged for annual reporting requirements

Engaging the same auditor(s) or same audit firm for both the annual financial statement and Performance Statement reporting can provide an efficient audit and reporting process for aged care providers. Where possible, planning and procedures can occur together.

If the work of the annual financial statement audit is relevant and can be used in the Performance statement audit, the auditor should be satisfied it can be appropriately applied (see ASAE 3000: 32(b)(ii)). If the auditor decides to use evidence collected and used by another auditor, they should consider whether the other auditor is suitably qualified, understands and complies with ethical requirements, and is independent (see ASAE3000: A72).

2.4.2. Aged Care Providers system of internal control

Central to understanding the entity and the risk of material misstatement is an understanding of the design and implementation of internal control systems over the preparation of the Performance Statement (see ASAE 3000: A106). An auditor should use their professional judgement to determine the relevant controls.

Auditors should understand, evaluate and consider the limitations of controls they may rely on in their audit of the Performance Statement and document this in their audit plan. This may include the provider's procedures and processes for allocating and measuring care time, assessing on-site attendance and the controls that support these processes. Controls can be either preventive or detective and may include information technology general controls (ITGCs). Auditors should determine whether relevant controls have been effectively designed and implemented. This would include making enquiries to the personnel responsible for preparing information that is incorporated into the Performance Statement.

A misstatement arising from a breakdown in internal control(s) may indicate the existence of other misstatements increasing the engagement risk. As outlined in section 2.4.1., the auditor may consider the broader audit work program and findings. This includes considering the connectivity between systems. For example, timesheet and care minute information may be impacted by payroll information or systems which are within the scope of financial audit reporting.

Other risks relevant to these internal controls are outlined in Table 1 below.

2.4.3. Substantive testing

In addition to understanding and testing internal controls, the auditor can use substantive testing to determine if the Performance Statement is prepared in accordance with the Principles.

Substantive testing can identify the effectiveness of internal controls and provide assurance over information reported on in the Performance Statement. For example, the auditor can trace care time reporting against information logged by personnel in the aged care provider's reporting systems to substantiate the accuracy of the Performance Statement. The auditor should use their professional judgement to determine the requirement and scope of substantive testing and outline this in the audit plan.

Where substantive testing is used, the auditor will use their professional judgement to determine the sample size, with consideration to the risk, materiality and size of the aged care provider they are engaged to audit. The auditor should firstly rely on the audit firms' standard approach to sampling. However, **ASA 530 Audit Sampling**

provides guidance and outlines sample design, size and selection requirements (see ASA 530: 6-8; A4-A13).⁴

2.4.4. Aged Care providers risk environment

In line with Engagement Risk (see [section 2.2](#)), the following table outlines a non-exhaustive list of potential risks related to the provision of care time and associated reporting.

Table 1: Source and summary of risks that may impact care time delivery and reporting

Source of engagement risk	Summary of risk
Subject matter characteristics	The nature, timing, size, volume and complexity of care time reporting and targets.
Internal factors	Residential aged care providers previous actions regarding care time targets and requirements.
	Residential aged care providers actions regarding previous audit and compliance requirements.
	The complexity, quantity and quality of care time data and information.
	The integrity, quality and extent of residential aged care providers' measuring and recording processes and systems, including how this aligns with reporting periods.
	The effectiveness of internal controls of the above processes and systems.
	The nature and degree of change experienced by the residential aged care entity due to new care time reporting requirements.
Internal IT factors	Reliance on systems or programs that inaccurately process data and/or process inaccurate data.
	Unauthorised access to data or common databases that have multiple users.
	A breakdown of segregation of duties where personnel gain access privileges beyond those necessary to perform their assigned duties.
	Unauthorised changes to data in master files.
	Failure to make necessary changes to programs or systems; inappropriate manual intervention.
	Potential loss of data or inability to access data as required.
External factors	The impact of major events, such as pandemics or natural disasters impacting ability of staff to attend work.

⁴ [ASA 530 Audit Sampling](#) was published 3 March 2020 and is operative for financial reporting periods beginning on or after 15 December 2021.

Source of engagement risk	Summary of risk
	Changes in the regulatory environment that are not appropriately considered and captured by the service providers systems and processes.

The following case studies may assist the auditor to consider the different types of engagement risks in the context of care time reporting.

CASE STUDY 1: BUDDY SHIFT ARRANGEMENTS

A buddy shift arrangement is when a recently qualified but less experienced enrolled nurse accompanies an experienced enrolled nurse on one or more shifts. This allows the recently qualified nurse to understand resident needs, the work routine and apply learnings. Direct care activities provided to the same resident by both qualified nurses can be counted as care minutes. For example, if two nurses each provide 20 minutes of care to the same resident, at the same time, the provider counts 40 minutes of care time toward their care minute targets (see [care minutes responsibility guide](#)).

The auditor should consider the engagement risk of misreporting buddy shift arrangements. This includes considering:

- How buddy shift information is reported and checked against timesheet and bed occupancy information.
- The existence of controls that ensure these arrangements are accurately recorded as buddy shifts and not supervisory/trainee arrangements.

CASE STUDY 2: HYBRID ROLE

An RN is employed in a hybrid role at an aged care provider. This means they split their time between caring for residents and performing other tasks, such as rostering and facility level planning and reporting. This type of administrative work is beyond the scope of direct care and should not be recorded as care time. The RN currently spends around 70 percent of their time providing direct care activities and 30 per cent completing administrative tasks, however, their administrative workload has recently increased.

A provider's failure to adequately manage hybrid roles and the increased workload placed on staff is a risk held by the provider (entity risk), not an engagement risk relevant to the audit. However, the auditor should consider the **engagement risk** of administrative tasks being misreporting as care time. This includes understanding:

- The differences between direct care and non-direct care.
- How these tasks are allocated.
- The existence of controls related to accurately measuring hybrid roles.

CASE STUDY 3: REPORTING PERIODS AND SYSTEM PERMISSIONS

An aged care provider uses a centralised software system for task allocation and reporting (including care time and administrative tasks), timesheets, leave and payroll. The intention of this system is to help staff keep track of their reporting, duties, and identify where additional staff may be required for the provider to meet care time targets and 24/7 RN requirements. Access permissions vary across the provider and are dependent on the staff members role.

The auditor requests access to this information and identifies that the systems' reporting period is based on fortnightly payroll cycles, and differs to the quarterly and monthly reporting periods the Performance Statement is based on. The auditor should consider the engagement risk of misalignment in reporting periods on the preparation of information contained within the Performance Statement.

The auditor should also consider controls regarding the access permissions which may allow staff to alter their reporting, whether through rectifying errors or backdating.

2.4.5. Care time reporting information

Auditors should familiarise themselves with the department's available guidance and seek further information from aged care providers through targeted information requests.

Care Minutes Responsibility guide includes information regarding:

- care worker types
- direct care activities
- care minute targets
- existing reporting and quality assurance targets
- previous care minute reporting requirements (prior to implementation of this audit requirement).

24/7 registered nurse responsibility guide includes information regarding:

- 24/7 RN responsibilities across different locations and working arrangements, including hybrid or dual roles
- current reporting requirements
- the interaction with care time reporting assessment program.

The **Glossary** identifies key terms that the auditor should familiarise themselves with.

2.5. Developing the audit plan

The auditor should design and perform audit procedures to reduce engagement risk to an acceptably low level (in the circumstances of the engagement) as the basis for providing their conclusion (see ASAE 3000:12(a)(i)). The lead auditor, together with any team members should develop an audit plan that includes a detailed approach for the nature, timing and extent of procedures to be performed, and the justification for selecting them (see ASAE 3000: 40, A86).

The audit plan should be shared with the aged care provider and include:

- the audit objective and criteria
- consideration of materiality
- risk assessment (includes considering fraud and risk management)
- planned audit procedures and tests (including timing and extent)
- the types and expected sources of audit evidence, including substantive and controls-based procedures
- planned evidence gathering techniques
- the estimated cost and resourcing requirements to perform the audit within the required timeframe.

In planning the audit, auditors should consider how an aged care provider:

- Conducts task allocation to determine if only care-related hours are reported, not time dedicated to general administration.
- Detects and explains any variance between care minute reporting and specific care activities, including what constitutes an acceptable variance and how this is documented.
- Determines the integrity and verification of data sources including verifying reported bed days against actual patient occupancy, and the approvals of shift logs, timesheets, and other staffing records.
- Has implemented procedures for allocating care activities in line with care type and staffing levels, including any check and balances such as a supervisory review.

An audit plan mitigates the risk of material misstatement and the operational engagement risk that an audit will not be completed in accordance with the approved budget and timeframe, and to the required level of reasonable assurance.

2.5.1. Materiality considerations

The auditor's consideration of materiality should reflect the providers' specific circumstances and how the information within the Performance Statement will be used. The department uses the information to validate a provider's subsidy entitlements and informs consumers when making a choice on aged care services through the My Aged Care website.

Materiality determines the significance of an amount, transaction or discrepancy and it is a matter of the auditors' professional judgement, taking into account how the information is used. An issue is considered material if it has the potential to adversely affect the department and/or consumers using that information to make decisions. The auditor should consider quantitative and qualitative factors when determining materiality including the care minutes supplement calculations and Star Ratings.

The Star Ratings system assists consumers to make an informed choice about aged care facilities. The more stars an aged care home receives indicates a higher quality of care. The rating system includes a 'Staffing' subcategory that measures the average amount of care time that residents at each aged care home received, compared with the minimum average care targets. This care time information will be reported in the Performance Statement.

The care minutes supplement is linked to the delivery of total care minutes and RN care minutes. This information is reported quarterly and in the Performance Statement and is used to calculate the supplement per bed, per day. The maximum supplement is \$31.92 per bed, per day. Providers will receive more funding the closer they were to delivering their care minute targets in the previous quarter. However, providers who are not meeting their care minute targets will see their care funding reduce. Further guidance can be found on the department's website.

Audit Implementation

Audit Implementation

The Performance Statement audit is likely to be occurring alongside the annual audit of financial statements. To minimise disruption and create an efficient process for the auditor and aged care provider, the audit of the Performance Statement should be integrated and/or timed to work effectively with the financial statement audit process where possible.

3.1. Engagement timing

The timing of an audit will depend on the size and complexity of the aged care entity. The aged care provider must provide a copy of the Performance Statement and the audit report to the department as part of their ACFR, by 31 October for each financial year. The audit plan should outline the proposed timeline of events to assist the aged care provider in meeting their ACFR reporting obligations. As mentioned above, ideally the audit of the Performance Statement should be completed during the financial audit process. See [Appendix C for an Engagement Planning and Implementation Checklist – Template Example](#).

3.2. Communication with provider

The auditor should prepare and communicate the list of information required from the provider to efficiently gather sufficient and appropriate evidence. Ongoing communication between the auditor and the provider will help to minimise delays when addressing the audit related questions and setting clear expectations with the management. Findings should be discussed with providers on timely basis to facilitate the auditor to evaluate and conclude using the evidence gathered in accordance with the ASAE 3000.

3.3. Gathering audit evidence

The auditor should evaluate the sufficiency and appropriateness of the evidence obtained in the context of the audit and, if necessary obtain further evidence. The audit is an iterative process which can require the auditor to change the nature, timing or extent of other planned procedures based on the evidence obtained and their professional judgement (see ASAE 3000: 65, A154-A155). All relevant evidence should be considered regardless of whether it corroborates or contradicts the audit report findings. The auditor should consider the effect on their conclusion if they cannot obtain any further evidence that is necessary (see ASAE 3000: A147-155).

3.4. Other considerations

Where separate or the same audit firms have been engaged to complete audits of financial statements and the Performance Statement, the auditors should work with the provider to coordinate common audit activities across the separate engagements.

3.5. Forming a conclusion

The auditor should form a conclusion about whether the Performance Statement is free of material misstatement. In forming that conclusion, the auditor should consider whether they have obtained reasonable assurance to address the risk of material misstatement (see ASAE 3000: 64-66). The conclusion is based on the auditor's professional judgement.

3.5.1. Types of Conclusions

The auditor will provide an **unqualified conclusion** when:

- In their professional judgement, the Performance Statement is prepared, in all material respects, in accordance with the audit criteria (see ASAE 3000: 72(a)).
- This is the most common audit conclusion and is also known as an unqualified or 'clean' conclusion. The conclusion does not contain adverse findings or disclaimers about the audit process or report.

The auditor will provide a **modified conclusion** when, in their professional judgement:

- a scope limitation exists and the effect of the matter could be material (see ASAE 3000: 66, 74, A156-158); and/or
- the Performance Statement is materially misstated (see ASAE 3000: 74).

The materiality and significance of the finding will determine the type of modified conclusion made.

The auditor will provide a **qualified conclusion** when:

- In their professional judgement, the effect or possible effects of a matter are not material enough to require an adverse conclusion or a disclaimer of conclusion. (see ASAE 3000: 75, A189-190).

The auditor will provide a **disclaimer of conclusion** when:

- In their professional judgement, the auditor is unable to form a conclusion at all based on insufficient evidence (see ASAE 3000: A191).

The auditor will provide an **adverse conclusion** when:

- In their professional judgement, the auditor detects a material misstatement of such significance that the Performance Statement does not present the aged care providers' compliance with the Principles (see ASAE 3000: A191).

If the auditor expresses a modified conclusion because of a scope limitation, but is also aware that the Performance Statement has been materially misstated, the auditor should include a clear description of both the scope limitation and the reason(s) for the material misstatement in the report (ASAE 3000: 74-77).

For more information, refer to [Appendix A for a draft audit opinion report template](#).

3.5.2. Emphasis of Matter

An auditor can include an Emphasis of Matter paragraph to draw attention to a matter the auditor considers to be important to the provider and department's understanding of the Performance Statement but does not change the auditor's conclusion (see ASAE 3000: 73).

Audit Reporting

4.1. Audit Report

At the completion of the audit, the auditor will issue an audit report to the aged care provider, addressed both to the Directors of the aged care provider and the Secretary of the Department of Health, Disability and Ageing. The provider is responsible for sharing this with the department as part of their annual ACFR.

The audit will provide reasonable assurance to the department on the preparation of the provider's care time reporting, and if the provider meets the requirements of the Principles for the relevant period.

Refer to Appendix A for a draft audit opinion report template.

4.2. Inherent limitations

Because of the inherent limitations of an audit engagement, together with the inherent limitations of any system of internal control, there is an unavoidable risk that fraud, error, non-compliance with laws and regulations or misstatements may occur and not be detected. An audit is not designed to detect all instances of noncompliance with the requirements of the Principles, as this would require absolute assurance. Seeking absolute assurance would be too complex, time consuming and costly due to the nature and amount of evidence that would be required to be examined.

Where appropriate, auditors should provide a description in the report of any significant inherent limitations associated with their evaluation of care time reporting against the criteria (see ASAE 3000: 69(e), A166).

4.3. Audit distribution

As outlined in guidance for residential aged care providers, providers will provide a copy of the Performance Statement to the department as part of their ACFR reports. The auditor should ensure as a condition of their engagement that a copy of the audit report can be provided to department (see section 1.2 of this guidance).

Glossary

Glossary

Term	Definition
24/7 registered nurse (RN) responsibility	All approved providers must meet this responsibility by having at least one registered nurse (RN) onsite and on duty at all times at the residential facility, or facilities, they operate, unless an exemption is in place.
Aged Care Financial Report (ACFR)	All approved providers must meet this responsibility by having at least one registered nurse (RN) onsite and on duty at all times at the residential facility, or facilities, they operate, unless an exemption is in place.
Aged care provider	See provider (organisation).
Aged Care Quality and Safety Commission (ACQSC or the Commission)	The Commission is the national end-to-end regulator of aged care services, and the primary point of contact for care recipients and providers in relation to quality and safety. This is undertaken in accordance with the Commission Act and the Commission Rules, or through contractual arrangements.
assessment	<p>This can refer to either:</p> <ul style="list-style-type: none"> • Assessment of eligibility for subsidised aged care by an Aged Care Assessment Team. • Assessment of care needs in permanent residential aged care using the AN-ACC assessment.
Australian National Aged Care Classification (AN-ACC) funding model	The funding model used by the Government to fund providers to deliver care, including delivering their care minutes.
AN-ACC classes	The 13 different classes for permanent residents that determines the amount of variable subsidy the aged care provider will be paid for the resident.
care minutes	A mandatory (legislated) responsibility on providers that commenced on 1 October 2023 and is

Term	Definition
	regulated by the ACQSC. Only direct and personal care activities provided by aged care providers can be counted toward the purposes of meeting the care minute responsibility.
care minutes target	The target for total care minutes and registered nurse (RN) minutes that the registered provider must meet on average over the quarter.
care recipient	Care recipient means a person to whom an approved provider provides, or is to provide, care through an aged care service (see also recipient).
care worker	See direct care staff member.
co-located services	Generally, one residential care service aligns to one residential facility. However, for the purpose of the 24/7 RN responsibility, co-located services may form a single residential facility if there are two or more services operated by the same approved provider and the services are operating from the same building or complex of buildings inclusive of their immediate surrounds that effectively form a single location.
counted care recipient	A care recipient receiving care through a residential care service. This excludes care recipients who are on extended hospital leave and the day is on or after the 29th day of the recipient's leave.
direct care activities	Also known as direct clinical care activities, these activities include treatments and procedures, such as medication, nutrition and pressure management, assistance in obtaining health practitioner services, such as arranging and supporting residents to attend appointments; assistance in obtaining access to specialised therapy services, such as engaging with allied health services, or nursing services, such as geriatric assessments and assessing resident's clinical care needs.

Term	Definition
enrolled nurse	A person who is registered under the National Law in the nursing profession as an enrolled nurse.
exit	In the context of aged care, this is leaving an aged care service. Also known as 'discharge'. The discharge reason is recorded. When a person leaves aged care services, the time that they had spent receiving that type of care is added up to calculate the length of stay.
Government Provider Management System (GPMS)	An online system used by providers to access and report information to the government.
medical practitioners	doctors who are responsible for diagnosing and treating physical and mental illness, disorders and injuries; recommending preventative action; and referring patients to specialists, other health care workers, and social, welfare and support workers.
nurse practitioners	A nurse practitioner is an RN registered with the Nursing and Midwifery Board of Australia (NMBA) who has completed approved education to be recognised as a nurse practitioner by Services Australia. Aged care staff who are nurse practitioners can count towards the 24/7 RN responsibility if they are onsite and on duty.
occupancy rate	Total number of days that all people spent in a type of aged care over a year, divided by the total number of places that were available in that type of care over the year.
on duty	The RN must be available to provide care to care recipients and oversight of the care provided by other care staff as needed. An RN is also considered to be 'on duty' when taking mandated breaks during a continuous period of work if those breaks are prescribed in their employment conditions. However, this exclude mandated breaks that are taken offsite (meaning beyond the

Term	Definition
	building or complex of buildings including its surrounds).
onsite	The RN must be within the confines of the residential facility or the immediate surrounds.
organisation type	The ownership structure of the provider organisation that manages a residential aged care facility. These are classified as not-for-profit (includes charities, religious organisations and community-based organisations), government (includes state government, territory government and local government organisations) and private (includes publicly listed companies and organisations that are registered as private companies).
permanent residential aged care	An Australian Government-funded aged care program which provides round-the-clock personal care and nursing services to people living long-term in a residential aged care facility.
personal care services	Assisting with daily living activities, attending to personal hygiene, physical, administrative and cognitive needs and assisting with clinical care and provision of medical treatments and procedures where qualified to do so. This includes tasks such as bathing and getting dressed, assistance with eating, going to the toilet, grooming, getting in and out of bed, and moving about.
personal care worker	An employee who is classified under Schedule B.2 in the Aged Care Award 2010 as an aged care employee – direct care level 1 to level 6 (or in an equivalent role in an equivalent award or enterprise agreement or individual contract/agreement). Their primary responsibility is to provide personal care services to residents under the supervision of an RN or an EN.
places	Each Australian Government-funded aged care facility has a certain number of operational places

Term	Definition
	(sometimes called 'beds') that are either occupied, or available to be occupied.
program type (aged care)	The program under which a place in aged care is funded (home support, home care, residential care, transition care, short-term restorative care, Multi-Purpose Service, the National Aboriginal and Torres Strait Islander Aged Care Program, and Innovative pool).
provider (organisation)	These are the organisations that own and operate aged care services (outlets or facilities).
provider responsibilities	The set of responsibilities approved providers have in relation to the aged care they provide through their services to aged care consumers/care recipients. These responsibilities, under the Aged Care Act 1997 relate to the quality of care they provide, user rights for the people to whom the care is provided, accountability for the care that is provided, and the basic suitability of their key personnel.
recipient	Any person who receives care and support, either in their own home or in a residential aged care facility
registered nurse (RN)	A person who is registered under the Health Practitioner Regulation National Law in the nursing profession as an RN. An approved provider cannot meet the 24/7 RN responsibility though, or report coverage provided by, other care staff such as enrolled nurse, personal care workers, assistants in nursing or a person that was previously registered as an RN.
residential aged care facility	Facilities that provide Australian Government-funded residential aged care either on a permanent or short-term (respite) basis to people. The service must meet specified standards in the quality of the built environment, care, and staffing levels in

Term	Definition
	accordance with the Aged Care Act 1997. Some people refer to these services as 'nursing homes.'
residential care	A program that provides personal and/or nursing care to people in a residential aged care facility. As part of the service, people are also provided with meals and accommodation, including cleaning services, furniture and equipment.
Registered nurse (RN) care minutes	The number of care minutes delivered by an RN.
services	A care facility that provides aged care, such as a residential aged care service or an outlet that delivers home care. The Australian government provides funding for those services that it has approved as set out in the Aged Care Act 1997. Services are owned by provider organisations (or providers), and one provider can operate more than one service.
specified care workers	Care minutes can only be delivered by the following specified care workers: <ul style="list-style-type: none"> • registered nurses (RN) • enrolled nurse (EN) • personal care workers and assistants in nursing (PCW/AIN).
Star Ratings	Aged care homes receive an Overall Star Rating of between 1 and 5 stars, and a rating across each of the 4 sub-categories (resident experience, compliance, staffing and quality measures). The more Star Ratings an aged care home receives, the better the quality of care.

Appendices

Appendix A: Audit report templates

We have prepared audit report templates for auditors to apply in auditing Care Minutes Performance Statements for residential aged care providers. This includes:

- Unqualified Conclusion Template
- Unqualified Conclusion Template – Emphasis of Matter
- Modified Conclusion - Qualified Conclusion Template
- Modified Conclusion - Disclaimer of Conclusion Template
- Modified Conclusion - Adverse Conclusion Template.

These [audit report templates](#) are available on the department's website.

Appendix B: Engagement Risk Assessment – Example Template

The purpose of this Engagement Risk Assessment example template is to provide auditors with additional guidance in identifying and managing risks related to the audit of the Care Minutes Performance Statement.

Auditors may use this optional template for further guidance in audit planning and implementation.

However, this template is not intended to be prescriptive. Auditors are still required to use their own methodology, in line with the ASAE Standards and their firm's established audit and quality assurance processes, to plan and implement an audit.

[Appendix B](#) is available on the department's website.

Appendix C: Engagement Planning and Implementation Checklist – Example Template

The purpose of this Engagement Planning and Implementation Checklist example template is to provide auditors with additional guidance in the planning and implementation of the Care Minutes Performance Statement audit.

This includes identifying key requirements, sequencing and timing considerations, to facilitate an effective audit process and enable aged care providers to meet their reporting obligations. This template may be used to communicate the Performance Statement audit process with aged care providers unfamiliar with the process.

This template is not intended to be prescriptive. Auditors are still required to use their own methodology, in line with the ASAE Standards and their firm's established audit and quality assurance processes, to plan and implement an audit.

[Appendix C](#) is available on the department's website.