Australian Government

Department of Health, Disability and Ageing

Important Notice: Aged Care Act Update

The *Aged Care Act 1997* and the *Aged Care Act 2024* along with their associated Principles and Rules, are relevant legislation for the 2025-26 reporting year.

Registered providers (providers) are required to report prudential information in accordance with the legislative framework that applied at the time the obligations were in force.

As the governing legislation changed part way through the reporting period, providers must report against the relevant prudential requirements for each applicable period as outlined below:

- 1 July 2025 to 31 October 2025 - the *Aged Care Act 1997* (the old Act) and the Fees and Payments Principles 2014 (No.2) (the Principles), including the Prudential Standards (the old Standards)
- 1 November 2025 to 30 June 2026 - the *Aged Care Act 2024* (the new Act), the Aged Care Rules 2025 (the Rules) and the *Aged Care Financial and Prudential Standards 2025* (the new Standards)

Audit Guidance Annual Prudential Compliance Statement

Providers are required to report on compliance with prudential obligations by submitting an Annual Prudential Compliance Statement (APCS), as part of their Aged Care Financial Report (ACFR), to the System Governor[1].

The APCS contains questions about the number and value of the refundable deposits, accommodation bonds and entry contributions held, the way these funds were managed and expended and whether refunds were paid on time.

- For the period 1 July 2025 – 31 October 2025, auditors will need to assess compliance with Part 5 (inherently considering compliance with Parts 6 and 7) of the Principles
- From 1 November 2025 - 30 June 2026 auditors will need to assess compliance with the new Standards, section 150A of the new Act, sections 155-30, 155-35 and 166-360 to 166-385 of the Rules.

[1] The System Governor is the main decision maker who is responsible for overseeing the funded aged care system. The Secretary of the Department of Health, Disability and Ageing holds this role.

Note:

- Under the new legislation the new Standards do not apply to providers that are a government entity or a local government authority (government providers). This does not preclude government providers from complying with broader financial and prudential obligations and/or from completing an APCS. As such, government providers are still required to have their compliance with certain obligations and APCS audited and include it as part of their APCS submission.
- As the new Act commenced part way through a ‘reporting quarter’, providers were not required to comply with the new Liquidity Standard and Investment Standard until 1 January 2026. Auditors should therefore assess compliance with the new Liquidity Standard and Investment Standard from 1 January 2026 onwards.
- This guide and the example independent audit templates reference the legislative framework that applied during each part of the reporting period.

Auditors must assess and audit a provider’s compliance across the full 12-month reporting period. Auditors may choose to present their findings as:

- separate audit findings for each legislative framework
- a single consolidated audit

Where a consolidated approach is taken, the audit must clearly provide an opinion on the provider’s compliance with the requirements applicable under each legislative framework for the relevant period.

Objectives of this guide

This guide to the audit of the provider’s compliance with prudential requirements sets out:

- the expectations regarding the audit of a provider’s APCS
- information the auditor is expected to consider in the conduct of their audit.

Auditor’s responsibility

The auditor’s responsibility is to form and express an opinion on the provider’s compliance with matters disclosed through the APCS.

The audit is to be conducted in accordance with the applicable Standards on Assurance Engagements (ASAE 3100 Compliance Engagements)[2], issued by the Auditing and Assurance Standards Board and with the requirements of the Department of Health, Disability and Ageing (the Department) and the Aged Care Quality and Safety Commission (the Commission) as set out in this guide. The audit is to be conducted so as to provide the auditor with reasonable assurance that the provider has complied with the matters disclosed through the APCS.

[2] Other AUASB Standards, including ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information, may be applicable.

Requirement for audit

To comply with their responsibilities under section 166-385 of the Rules, the provider is required to include with their APCS an audit opinion from a registered company auditor[3] (RCA), or an auditor approved by the System Governor, addressing the provider's compliance with prudential obligations.

For the period 1 July 2025 – 31 October 2025 the auditor must determine and report on the provider's compliance with Part 5 of the Principles (and inherently also consider compliance with Parts 6 and 7). The audit should focus on the provider's compliance with:

- the legislated obligations for managing refundable deposits, bonds and entry contributions, including meeting the statutory timeframes for balance refunds
- the old Standards (the Liquidity, Records, Governance and Disclosure Standards)[4]
- the permitted uses[5] of refundable deposits and bonds
- the legislated obligations around charging accommodation payments and contributions[6].

For the period 1 November 2025 – 30 June 2026 the auditor must determine and report on the provider's compliance with the new Standards, section 150A of the new Act, sections 155-30, 155-35 and 166-360 to 166-385 of the Rules. The audit should focus on the provider's compliance with:

- the new Standards
- the record keeping obligations under section 150A of the new Act
- legislated obligations for disclosing information relating to a provider's management and use of refundable deposits[7]
- managing refundable deposits, bonds and entry contributions, including meeting the statutory timeframes for balance refunds
- the permitted uses[8] of refundable deposits and bonds
- the legislated obligations around charging accommodation payments and contributions[9].

[3] Within the meaning of section 9 of the Corporations Act 2001.

[4] Part 5 of the Principles (which includes Part 6 and Part 7).

[5] Section 61 of the Principles.

[6] Part 3A.2 of the old Act.

[7] Sections 155-30, 155-35, 155-36, 166-365, 166-375 and 166-385 of the Rules.

[8] Section 310 of the new Act.

[9] Divisions 4 and 5 of the new Act.

THE INDEPENDENT AUDIT AND OPINION

Who may conduct an audit?

The audit must be performed by an RCA or by a person who has been approved by the System Governor under section 166-385 of the Rules. The Auditor-General of a State or Territory is taken to be registered as an auditor.[10]

Only a provider may request that their auditor be approved to audit the APCS. Any requests for such an alternative auditor should be lodged together with the reasons why an RCA is not available. A provider can request an application form for an alternative auditor by contacting Forms Administration. Please note, the Department has 28 days in which to process any application for alternative arrangements.

Scope of the audit opinion

It is expected that the independent audit, including an audit opinion, will be issued in accordance with the Standard on Assurance Engagements (ASAE 3100 Assurance Engagements Other than Audits or Reviews of Historical Financial Information) issued by the Auditing and Assurance Standards Board.

It is expected that the auditor's opinion addresses the provider's compliance with the requirements of the legislation applicable during each part of the financial year.

It is not expected that the auditor verifies free text statements made by a provider in association with non-compliance disclosed in the APCS. However, the auditor should be satisfied that statements are consistent with their knowledge of the provider's operations.

1 July 2025 – 31 October 2025	1 November 2025 – 30 June 2026
The Principles require that the auditor's opinion[11] addresses: 'whether the approved provider has complied with this Division (being Part 5 of the Fees and Payments Principles) in the relevant financial year'. Part 5 of the Principles specifies the matters to be disclosed in the APCS and therefore requires an audit opinion about all matters reported in the APCS. Government entities or local government authorities were subject to the old Standards during this period.	The Rules require that the auditor's opinion addresses: 'whether the registered provider has complied with section 150A of the Aged Care Act 2024 and sections 155-30, 155-35 and 166-360 to 166-385 of this instrument in the reporting period'. The new standards specify that they apply to providers that are not government entities or local government authorities - all other obligations are in scope.

Guidance on pages 14 to 16 sets out a selection of prudential requirements that are to be considered in the scope of the audit. The listing is indicative only and should not be considered as exhaustive or as a pro forma audit program.

[10] Section 1281 of the *Corporations Act 2001.*

[11] Section 56(1) of the Principles.

The nature, timing and extent of the audit tests

The auditor will use their own professional judgement to determine the nature, timing and extent of audit testing to enable them to form and express an opinion about whether the provider has complied with the relevant obligations under each of the legislative regimes for the two distinct periods within the reporting period.

Content of the independent audit

The Rules require the APCS to include an audit opinion. The provider must give an ACFR, including the APCS and audit opinion, to the System Governor within four months after the end of the provider's reporting period[12], and if requested to residents who have paid a refundable deposit or bond and to prospective residents. The provider should ensure the auditor is addressed as follows:

To [name of registered provider] and the System Governor

The auditor's opinion must state, as applicable, that:

The registered provider has/has not complied, in all material respects, with:

1. the requirements of Part 5, Part 6 and Part 7 of the Fees and Payments Principles 2014 (No.2) (as amended), for the period 1 July 2025 – 31 October 2025
2. the requirements of Aged Care Financial and Prudential Standards 2025, section 150A of the Aged Care Act 2024, sections 155-30, 155-35 and 166-360 to 166-385 of the Aged Care Rules 2025 during the period 1 November 2025 – 30 June 2026.

Note:

This audit opinion template is taken to be a statement that complies with subsection 166-380(g) of the Rules. The audit opinion templates are provided as a guide only. Auditors may draft their own opinions.

For further information please refer to the Annual Prudential Compliance Statement (APCS) guidance.

(Source: https://www.health.gov.au/resources/publications/annual-prudential-compliance-statement-2025-26-resources?language=en)

The provider should ensure that the auditor includes in the audit:

- the auditor's ASIC Auditor Number or
- where the System Governor has granted the provider approval to engage an auditor who is not a registered company auditor, details of the decision.

In accordance with the applicable Australian Auditing and Assurance Standards the auditor should **include in their audit relevant information about the nature and scope** of the audit testing that enabled them to form an opinion about whether the provider complied with Part 5 of the Principles during the period 1 July 2025 – 31 October 2025, and the new Standards, section 150A of the new Act, sections 155-30, 155-35 and 166-360 to 166-385 of the Rules during the period 1 November 2025 – 30 June 2026.

[12] Subsection 166-310(3) of the Rules.

An audit that does not have the required content will be referred to the provider for correction and resubmission to the Department.

Materiality or significance of non-compliance

The Commission will assess the APCS to determine what regulatory action, if any, may be necessary in relation to non-compliance reported by the provider or its auditor.

Auditors are not required to comment on, or give an opinion about, whether non-compliance identified during the audit represents a material prudential risk to the security of refundable deposit or bonds. However, the auditor may choose to give such an opinion.

INFORMATION TO ASSIST AUDITORS

The following sections of this guide comprise selected information about prudential compliance. The information is provided to assist auditors in developing their audit programs and is not meant to be an exhaustive list of all required audit procedures.

Assessing compliance with the applicable Standards and related Rules

Many prudential obligations that applied pre-1 November under the old legislation continue to apply under the new Act, Rules and Standards. The following guidance is general to the expectation of the obligation rather than the technical reference and can be considered for the full reporting period. Assessing compliance under both regimes will require similar testing. Specific guidance has been provided where there has been significant change to obligations. In the event non-compliance is detected it is important for auditors to note when the non-compliance occurred and under which regime.

Note:

Whilst the new Standards do not apply to government providers, they were subject to the old Standards. When auditing government providers, auditors are expected to assess and report on compliance with the old Standards for the period until 31 October 2025.

Liquidity requirements

A key element of assessing compliance with liquidity obligations is examining whether the provider maintained sufficient liquidity to meet expected refundable deposit, bond and entry contribution balance refunds over the reporting period.

As part of the requirements, the provider must have a written Liquidity Management Strategy (LMS) that documents the provider's liquidity obligations.

In assessing compliance with the **old Liquidity Standard**[13], it is expected that the auditor will have regard to factors such as:

- whether an LMS exists (i.e., the auditor should sight a copy)
- the overall financial position of the provider as set out in its most recent audited financial statements
- the LMS and whether the provider maintained the minimum level of liquidity identified as necessary to meet refund obligations for refundable deposit, bond

[13] Section 43 of the Fees and Payments Principles.

and entry contribution balances, taking into account the nature of the provider's operations.

In developing its LMS and determining its minimum level of liquidity, a provider must be able to identify the factors taken into account. The types of factors that a provider could consider incorporating in its LMS include, but are not limited to the:

- historic pattern of refundable deposit and bond balance refunds;
- characteristics of the residents for whom the provider cares that may influence the timing of refundable deposit and bond balance refunds (e.g., the level of the care needs of residents, age, sex, length of time spent in care)
- average value of refundable deposit and bond balances currently held by the provider
- expected number and amount of refundable deposit or bonds that will be paid by new residents.

Whilst much of the old liquidity standard obligations remain, the **new Liquidity Standard**[14] contains additional responsibilities to ensure providers meet both refundable deposit obligations and other financial commitments, including:

- maintaining a written LMS that meets the requirements of the new Liquidity Standard
- determining the default minimum liquidity amount (DMLA) and evaluated minimum liquidity amount (EMLA) on a quarterly basis
- whether the provider has maintained their DMLA amount each quarter, unless electing to maintain their EMLA
- review and, if required update, the LMS at least once in each financial year to ensure its effectiveness in achieving the objectives and compliance with the Standard.

Auditors are expected to consider the full legislative requirements and should refer to the relevant provisions of the new Standards and the Commission's detailed guidance on Liquidity Standard compliance obligations.

Refundable deposit register

Obligations relating to prudential record keeping, previously contained under the **Records Standard**[15] and now under section 150A of the Act, are consistent between the two regimes and can be assessed similarly for the full reporting period.

The legislation requires providers to maintain a refundable deposit register which includes information about their holdings of refundable deposit, bonds and entry contributions. In assessing compliance with the Records Standard and section 150A of the Act, the Department expects that auditors would have regard to issues such as:

- whether the refundable deposit register covers all items required by section 45 of the Principles, section 150A of the Act and sections 150A-1 to 150A-35 of the Rules

[14] Part 3 of the new Standards.

[15] Division 3 of Part 5 of the Principles.

- the systems and processes the provider has in place to record and report individual refundable deposit, bond and entry contribution balances
- the reconciliation of the refundable deposit register with the receipts, refunds and liabilities for refundable deposits, bonds and entry contributions reported in the financial records.

Governance requirements

Auditors should be aware that provider governance obligations changed with the commencement of the new Act. For this reporting period auditors will need to consider a provider's compliance with the **old Governance Standard**[16] for the first 4 months of the reporting period and will then need to assess against the Investment Standard and Financial and Prudential Management Standard for the remainder of the reporting period.

Legislation across both regimes requires providers to develop effective governance systems to ensure refundable deposits and bonds are only used for permitted uses[17] and are refunded in accordance with the new Act.

In assessing compliance with the Governance requirements, it is expected that auditors would have regard to issues such as whether a documented governance system exists and contained:

- responsibilities for the management of refundable deposits and bonds were clearly allocated to key personnel
- monitoring and controlling of any delegation or outsourcing of the allocated responsibilities
- reporting mechanisms to ensure key personnel who are responsible for the executive decisions of the provider can effectively monitor and control the use of refundable deposit and bond balances
- processes to ensure those with allocated or delegated responsibilities are aware of the provider's prudential obligations
- processes for detecting, recording and addressing any failure to comply with those requirements.

Prior to 1 November, if the provider invested refundable deposits and/or bonds in any permitted financial products[18] other than deposits with an authorised deposit-taking institution, it must implement and maintain a written investment management strategy (IMS).

it is expected the auditor will sight the relevant version and consider the legislative requirements such as whether the IMS set out the provider's:

- investment objectives
- assessment of risk to their ability to refund refundable deposit and bond balances in accordance with the Principles

[16] Division 4 of Part 5 of the Principles.

[17] Section 61 of the Principles.

[18] Financial products for paragraph 52N-1(3)(e) of the Act are specified in Section 64 of the Principles.

- strategy for achieving their investment objectives whilst ensuring ability to refund refundable deposit and bond balances in accordance with the Principles
- the asset classes they could invest in
- investment limits for each asset class are consistent with investment objectives
- key personnel with appropriate skills and experience who were responsible for implementing the IMS.

The auditor should also consider whether:

- the IMS was endorsed by the key personnel responsible for the executive decisions of the provider
- any investment of refundable deposit and bonds was in accordance with the IMS
- the IMS was modified or replaced if the provider became aware it was no longer compliant.

Note:

The requirement for an IMS was previously part of the Governance Standard and was only required if refundable deposits were being invested in financial products other than deposits with an authorised deposit taking institution.

Under the new Act – The obligations to maintain an IMS is now contained in the Investment Standard. The standard applies to **all non-government providers** in category 6 **including providers that do not invest or hold refundable deposits**.

Whilst IMS requirements of the Governance Standard focused on the investment of refundable deposits, the IMS requirements under the **Investment Standard**[19] are focused on the provider's broader investment activities and governance arrangements, including:

- an IMS is documented and aligns with the organisation's investment goals
- investment objectives are in line with the requirements of the Standard
- the strategy for achieving those objectives
- how investment risks are identified, reduced and addressed
- the skills and experience required for key staff responsible for developing and using the IMS
- review and, if required update, the IMS at least once in each financial year to ensure its effectiveness in achieving the objectives and compliance with the Standard.

Governance requirements are now primarily contained within the **Financial and Prudential Management Standard**[20]. Providers are required to implement and maintain an effective financial and prudential management system that:

- supports strong oversight of financial and prudential management across the organisation
- contains clearly defined roles and responsibilities for financial and prudential governance
- ensures appropriate management and use of deposited amounts, and the refund of deposited amount balances, is in accordance with the new Act, the Rules and the new Standards
- ensures any risk or non-compliance with the system or this Standard is detected, recorded and responded to
- is reviewed and, if required updated, at least once in each financial year to ensure its effectiveness in achieving the objectives and compliance with the Standard.

Auditors are expected to consider the full legislative requirements and should refer to the relevant provisions of the new Standards and the Commission's detailed guidance on Financial and Prudential Management Standard compliance obligations and Investment Standard compliance obligations.

[19] Part 4 of the new Standards.

[20] Part 2 of the new Standards.

Disclosure requirements

Disclosure obligations, previously contained under the **Disclosure Standard**[21] and now under sections 155-30, 155-35, 155-36, 166-365, 166-375 and 166-385 of the Rules, are largely consistent for the full reporting period.

Providers are required to provide information about their financial position and compliance with prudential obligations to current residents who have paid refundable deposits or bonds, prospective residents, and the Department.

Providers are required to provide particular information to residents at different times and annually for the Department.

In assessing compliance with disclosure obligations, it is expected that auditors would have regard to the following:

On entry, within seven days of entering into accommodation agreements, the provider must provide the resident or their representative with:

- a copy of the accommodation agreement; and
- a written statement explaining what other information is available on request.

On request, a provider must also provide residents, prospective residents or their representatives with the following information:

- a summary of the permitted uses for which refundable deposit and bonds have been used by the provider during the previous financial year;
- information about whether the provider has, during the previous financial year, complied with section 310 of the new Act and the new Standards
- information about the number of refundable deposit and bond balances that were not refunded in accordance with the new Act and Rules or, for entry contributions, a formal agreement
- the most recent audited accounts or, if the service is part of a broader organisation, the statement relating to the aged care component
- if the resident has already paid a refundable deposit or bond, a copy of the resident's entry in the refundable deposit register, current at the time of the request
- a summary of the permitted uses that refundable deposits and bonds have been used for in the previous financial year
- if refundable deposit and bonds have been invested in financial products other than through authorised deposit-taking institutions, a statement explaining the provider's investment objectives and the asset classes they may invest in
- information about whether the provider has complied with the prudential requirements and permitted uses for refundable deposit and bonds.

The information must be correct at the time the request was made.

[21] Division 5 of Part 5 of the Principles.

Annually (for existing residents), within four months of the end of their financial year, the provider must provide each resident or their representative with:

- a copy of the resident's entry in the refundable deposit register
- a written statement explaining what other information is available on request.

Annually (to the Department), within four months of the end of their financial year, the provider must submit a complete APCS that consists of:

- the provider's compliance statement against the prudential standards
- the statements and information referred to in sections 166-365, 166-375 and 166-380 of the Rules
- the audit and independent audit opinion

In testing compliance with disclosure obligations, it is not expected for the auditor to contact residents or residents' representatives to confirm that relevant disclosures have been made to them.

Testing of the provider's records and systems, including reviewing files and correspondence, will provide sufficient evidence of compliance for the Commission's purposes.

Assessing compliance with the charging of accommodation payments and contributions

Accommodation payments

Section 52G-A of the old Act and section 296 of the new Act provide the conditions a provider must follow in relation to charging accommodation payments.

In assessing compliance with accommodation payments, it is expected that the auditor would have regard to whether the provider has effective processes in place to ensure:

- accommodation payments do not exceed the agreed room price or maximum accommodation payment amount[22]
- accommodation payments are correctly calculated and charged in accordance with the residents elected payment method including RAD, DAP or combination of both
- DAPs have been calculated using the applicable MPIR at date of agreement and consider any RAD paid
- deductions from the RAD balance have only been made where permitted by legislation
- where an individual was charged more than the maximum amount of accommodation payment that there was a current approval in place from the Pricing Authority
- for residents that entered the aged care home after 31 October 2025 and whose accommodation payment includes a DAP component - DAP indexation is calculated and applied in accordance with section 302-10 of the Rules.

[22] Section 289-5 of the Rules prescribes $758,627 as the maximum amount of accommodation payment.

Accommodation contributions

Section 52G-6 of the old Act and section 298 of the new Act provide the conditions a provider must follow in relation to charging accommodation contributions.

In assessing compliance with accommodation contributions, it is expected that auditors would have regards to whether the provider has effective processes in place to ensure:

- accommodation contributions charged to residents do not exceed the lower of:
  - the resident's means-tested accommodation contribution amount
  - the accommodation supplement applicable to the aged care home
  - the agreed room price expressed as a daily rate (DAP)[23]
- accommodation contribution amounts are updated from the correct effective date following notification of an updated means assessed amount
- accommodation contribution amounts are updated where the aged care home does not meet the 40% supported resident ratio in a calendar month as a whole, and the accommodation supplement is the lower of the contribution amounts
- any refundable accommodation contributions (RAC) held reflects the current contribution amount, including when adjusted as a result of an updated means assessment or change to supported resident ratio
- where a part RAC is held, the provider correctly calculates the DAC component
- where an adjustment to the accommodation contribution amount results in an overpaid contribution amount (DAC or RAC), that the overpaid amount is refunded to the individual within 28 days of the day when the provider becomes aware of the overpaid amount.

Retention amounts

Section 308 of the new Act introduced a requirement for providers to deduct retention amounts from an individual's refundable deposit balance, both RADs and RACs.

In assessing compliance with accommodation contributions, it is expected that auditors will verify that retention amounts have been correctly calculated, deducted and recorded, to ensure retention amounts are:

- calculated at a rate of 2% per annum on a daily basis
- calculated on the current refundable deposit balance, considering any deductions or top ups. Including changes in the balance as a result of retentions and other deductions
- only deducted from residents' refundable deposits who are on the 1 November 2025 accommodation arrangements
- deducted no more than once a month and at least once in each 3-month period
- not charged after a resident has permanently left care, including if their refundable deposit is still being held by the provider.

[23] This condition only applies to residents who are on the 1 November 2025 accommodation arrangements.

Assessing compliance with refunding obligations

The rules for refunding refundable deposits, bond and entry contribution balances are consistent across both legislative regimes.

Section 52P-1 of the old Act and 311 of the new Act specify the timeframes within which refundable deposit and bond balances must be refunded. The refund of entry contribution balances must be made in accordance with the formal agreement between the provider and the resident.

Interest must be paid on outstanding refundable deposit or bond balances[24], being:

For residents leaving care in the period[25]	Base Interest Rate (BIR)	Maximum Permissible Interest Rate (MPIR)
1/04/2026 to 30/06/2026	3.25%	7.96%
1/01/2026 to 31/03/2026	2.75%	7.65%
1/10/2025 to 31/12/2025	2.75%	7.61%
1/07/2025 to 30/09/2025	2.25%	7.78%

- BIR – if paid within the legislated timeframe (the statutory refund period), BIR must be paid on the refundable deposit or bond balance from the day after the provider ceases to provide care up to and including the date of the refund
- MPIR - if paid after the legislated timeframe (the statutory refund period), BIR must be paid on the refundable deposit or bond balance for each day of the statutory refund period and MPIR must be paid on the refundable deposit or bond balance from the day after the end of the statutory refund period up to and including day the balance is repaid.

For entry contributions, the MPIR is payable on late refunds made after the day on which a refund was due under the formal agreement between the provider and the resident.

BIR and MPIR (if applicable) must be paid to the resident the day the refund is made.

The prescribed interest rates may be varied from time to time. Further information about the base interest rate (BIR) and maximum permissible interest rate (MPIR) can be found on the Department website.

Assessing compliance with the charging of other care and services fees and HELF

Divisions 52C and 56 of the old Act and Divisions 57 and 58 of the *Aged Care (Transitional Provisions) Act 1997* provide a complete scheme of fees that aged care providers could charge to residents prior to 1 November 2025. From 1 November 2025 the relevant provisions are found in Part 3 of Chapter 4 of the new Act.

It is a provider's responsibility to ensure that any fees they charge to residents are consistent with aged care legislation.

[24] Section 313-10 of the Rules.

[25] The BIR to be used in calculating interest is the rate applicable on the day after the resident's departure or, if the person has died, the rate applicable on the day after the provider is shown a copy of probate or letters of administration.

Fees payable prior to 1 November 2025 include:

- basic daily fee
- means tested care fee
- accommodation payment or accommodation contribution
- additional service fees
- extra service fee.

Fees payable after 31 October 2025 include:

- basic daily fee
- hotelling contribution
- non-clinical care contribution (NCCC)
- accommodation payment or accommodation contribution
- additional service fees
- extra service fee
- higher everyday living fee (HELF).

Note:

From 1 November 2025 providers cannot enter into new extra and additional service fee agreements. Existing agreements may continue but residents must be transitioned to HELF agreements by 1 November 2026.

The auditor should verify compliance with these requirements and consider whether the provider has appropriate processes in place to manage this transition.

Further information

Refer to the link for further information about the *Aged Care Act 1997*, the *Fees and Payments Principles 2014 (No.2)*, the *Aged Care Act 2024*, the *Aged Care Rules 2025* and the *Aged Care Financial and Prudential Standards 2025*.

Compliance and enforcement information, including actions we can take to uphold the rights of older people, is available on the Commission's website.

If you want to contact the Commission about the prudential requirements, this guide or the APCS please e-mail: prudential@agedcarequality.gov.au.

SELECTION OF PRUDENTIAL REQUIREMENTS THAT SHOULD BE CONSIDERED IN THE SCOPE OF THE AUDIT

(i) Refundable deposits, bonds and entry contributions held

- the number and value of refundable deposit, bond band entry contribution balances held by the provider at the end of the financial year

(ii) Refund of refundable deposit, bond and entry contributions

- the total number of refundable deposit and bonds or entry contributions not refunded within the legislated timeframe

(iii) Allowable deductions from refundable deposit, bond and entry contribution balances

- the total amount deducted from refundable deposit, bond or entry contribution balances in accordance with section 52J-7of the old Act and section 307 and of the new Act
- from 1 November consider the deduction of retention amounts required by section 308 of the new Act

(iv) Compliance with the Liquidity Standard

- the existence of an LMS
- from 1 November the Liquidity Standard requires providers to calculate two minimum liquidity amounts (MLA):
  - a DMLA (Calculated using the formula in the Standard)
  - an EMLA (based on the provider's individual financial situation)
- whether the provider has maintained their chosen MLA method
- whether the provider has notified the Commission if maintaining their evaluated MLA
- the types of liquidity the provider has to maintain the MLA
- whether the provider's governing body has reviewed and sign off these amounts each quarter

(v) Compliance with the Financial and Prudential Management Standard (post 31 October)

- whether a written financial and prudential management system is in place and includes:
  - how the provider detects, records, and responds to any non-compliance with the system
  - descriptions of the roles and responsibilities for financial and prudential governance
  - accountabilities and processes to manage refundable deposits

(vi) Compliance with the Investment Standard (post 31 October)

- whether an IMS is in place and includes:
  - strategy for achieving investment objectives
  - roles and responsibilities for people implementing the strategy, and the skills and experience those people need
  - process for identifying, reducing and addressing risks
  - processes for reporting and oversight of the implementation of the strategy.

(vii) Compliance with the Governance Standard (pre 1 November)

- whether a written governance system is implemented and mechanisms are in place to ensure it is kept up to date
- whether procedures are in place to ensure responsible key personnel can monitor and control the use of refundable deposits and bonds
- whether (if applicable) the IMS is approved by the key personnel who are responsible for the provider's executive decisions.

(viii) Compliance with records obligations

- whether a refundable deposit register was maintained that includes all the information required by the Records Standard and sections 150A-5 to 150A-35 of the Rules for refundable deposits, bonds and entry contributions

(ix) Compliance with disclosure obligations

- whether the provider has given residents who have paid refundable deposits or bonds and prospective residents, and/or their representatives, information required by the Disclosure Standard and sections 155-30, 155-35 of the Rules
- whether any information disclosed in the APCS submitted for previous financial year is known to be incorrect.

(x) Compliance with charging requirements

- whether room prices were publicly available on the 'My Aged Care' website
- whether the provider had a current Pricing Authority approval for each occasion an individual was charged more than the maximum amount of accommodation payment
- whether the provider refunded, within 28 days, any overpaid accommodation contribution amounts resulting from a reduction in residents' means tested contributions or the aged care home did not meet the 40% supported resident ratio in a calendar month
- pre-1 November: whether accommodation agreements were entered into with all residents within 28 days after entry into the provider's service
- post-31 October: whether accommodation agreements were entered into with all residents before the provider starts delivering ongoing funded aged care services to the individual in the home
- post-31 October: whether DAPs are properly indexed and indexation is only applied to DAPs of residents entering the aged care home after 31 October 2026

(xi) Compliance with refunding responsibilities

- whether all refundable deposit and bond balances were refunded as, and when, they fell due as required in section 52P-1 of the old Act and section 311 of the new Act
- whether the correct amount of interest was paid at the time and to the person as required in section 68 of the Principles and section 313 of the new Act

- whether all entry contribution balances were refunded as, and when, they became payable in accordance with each formal agreement
- whether the correct amount of interest was paid in the time and to the person as required in section 52P-3 of the old Act and section 287-160 of the new Act

(xii) Other compliance requirements

- whether the approved provider has complied with Division 1 of Part 4 of the Principles and Chapter 4, Part 4, Division 3 of the new Act (Accommodation agreement requirements).