

The Auditor-General
Audit Report No.42 2002-03
Performance Audit

Managing Residential Aged Care Accreditation

**The Aged Care Standards and
Accreditation Agency Ltd**

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of Australia 2003

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Canberra ACT
7 May 2003

Dear Mr President
Dear Mr Speaker

The Australian National Audit Office has undertaken a performance audit in The Aged Care Standards and Accreditation Agency Ltd. in accordance with the authority contained in the *Auditor-General Act 1997*. Pursuant to Senate Standing Order 166 relating to the presentation of documents when the Senate is not sitting, I present the report of this audit and the accompanying brochure. The report is titled *Managing Residential Aged Care Accreditation*.

Following its presentation and receipt, the report will be placed on the Australian National Audit Office's Homepage—<http://www.anao.gov.au>.

Yours sincerely

A handwritten signature in black ink, appearing to read 'P. J. Barrett'.

P. J. Barrett
Auditor-General

The Honourable the President of the Senate
The Honourable the Speaker of the House of Representatives
Parliament House
Canberra ACT

AUDITING FOR AUSTRALIA

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Contents

Abbreviations	7
Summary and Recommendations	9
Summary	11
Introduction	11
Audit objective and methodology	12
Key Findings	14
Statutory Requirements (Chapter 2)	14
Managing Income and Workflow (Chapter 3)	14
Managing People (Chapter 4)	15
Managing Information (Chapter 5)	16
Improving Quality and Consistency (Chapter 6)	17
Overall conclusion	18
Recommendations	19
Audit Findings and Conclusions	21
1. Introduction	23
Aged care in Australia	23
Residential aged care accreditation	26
The Aged Care Standards and Accreditation Agency Ltd	32
Previous coverage of aged care	35
The audit	35
Report structure	37
2. Statutory Requirements	39
Introduction	39
Development of the accreditation legislation	39
Other statutory responsibilities	43
Conclusions	43
3. Managing Income and Workflow	44
Introduction	44
Deed of Funding Agreement	44
Accreditation Fees	44
Income	45
Workflow scheduling	48
Conclusions	50
4. Managing People	53
Introduction	53
Registration and recruitment	53
Internal staff	55
Contract assessors	57
Conclusions	58
5. Managing Information	59
Introduction	59
Internal information management	59
External information management	64
Conclusions	71

6. Improving Quality and Consistency	73
Introduction	73
Centralisation	73
Round one—variations in consistency?	74
Enhancing quality and consistency	77
Conclusions	82
Appendices	83
Appendix 1: Glossary	85
Appendix 2: The <i>Aged Care Act 1997</i> and the Principles	88
Appendix 3: Expected Quality of Aged Care Outcomes	89
Appendix 4: Case Studies	92
Index	98
Series Titles	100
Better Practice Guides	103

Abbreviations

AAT	Administrative Appeals Tribunal
Act (the)	<i>Aged Care Act 1997</i>
Agency (the)	Aged Care Standards and Accreditation Agency Ltd
ALG	Agency Liaison Group
AMI	Accreditation Management Information system
ANAO	Australian National Audit Office
Audit Handbook	<i>The Audit Handbook for Quality Assessors</i>
CAC Act	<i>Commonwealth Authorities and Companies Act 1997</i>
CEO	Chief Executive Officer
FTE	full time equivalent
GM	General Manager
Health	Department of Health and Ageing
HRM	human resource management
IT	information technology
NDW	National Data Warehouse
PBS	Portfolio Budget Statements
Principles (the)	Accreditation Grant Principles 1999
QSA	Quality Society of Australasia
Standards (the)	Accreditation Standards

A glossary is included at Appendix 1.

Summary and Recommendations

Summary

Introduction

1. The aim of the Commonwealth's aged care program is to provide 'support for healthy ageing for older Australians and quality and cost-effective care for frail older people and support for their carers'.¹ The primary means of delivering aged care are community care and residential care.
2. The *Aged Care Act 1997* (the Act) is the umbrella legislation for aged care in Australia. It provides the framework for Commonwealth aged care funding and the administration of Commonwealth-funded aged care, and for the obligations of approved providers of aged care services.
3. As at June 2002, there were 144 139 operational residential care beds allocated between 2949 residential aged care homes Australia-wide.² In June 2002, the average occupancy rate in homes was 96.2 per cent. Homes are operated by the not-for-profit and private sectors and by local and state governments. In 2002–03, the Commonwealth appropriation for residential care was \$4.3 billion.
4. A new accreditation-based quality assurance system for residential aged care homes was proposed in the 1996–97 Budget to replace the previous Outcome Standards model operated by the former Department of Health (now the Department of Health and Ageing, hereafter referred to as Health).
5. The Aged Care Standards and Accreditation Agency Ltd (the Agency) was established in October 1997 as an independent, wholly owned Commonwealth company, to manage the accreditation process.
6. The Agency assesses the performance of residential aged care homes against the Accreditation Standards developed under the provisions of the Act. The Accreditation Standards outline the expected standards of quality of care and quality of life to be provided to residents of homes. A failure to effectively assess the quality of care in homes and to adequately monitor quality of care has potentially serious consequences for frail, vulnerable residents and their families.
7. The accreditation assessment is made by Quality Assessors. These are persons registered to conduct accreditation audits and to review audits of residential aged care homes. Assessors may be either permanently employed

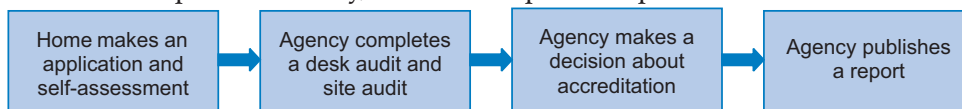
¹ Department of Health and Ageing, 2002, *Portfolio Budget Statements 2002–03, Health and Ageing Portfolio, Budget Paper No. 1.11*, Department of Health and Ageing, Canberra, p. 99.

² Department of Health and Ageing 2002, *Annual Report 2001–02*, Department of Health and Ageing, Canberra, p. 123 & 128.

by the Agency (internal assessors) or employed on an audit-to-audit basis (contract assessors).

8. The Agency works with Health to promote quality residential aged care. The Agency accredits residential aged care homes and periodically assesses their compliance with the Accreditation Standards. Health is responsible for ensuring homes meet their other obligations under the Act and for taking compliance action such as sanctions. These other obligations include meeting building certification standards and complying with prudential requirements. Sanctions may be applied where approved providers have breached, among other things, their responsibility to provide quality aged care or have failed to implement required improvements.

9. The Accreditation Grant Principles 1999 (the Principles), made under the Act, provide the framework for the accreditation program and describe the accreditation process. Briefly, the main steps in the process are:



10. The first step in the accreditation process, whereby homes provide a statement of compliance (a self-assessment) with the Accreditation Standards, represents a significant change from the previous Outcomes Standards system. Self-assessment places a greater onus on the management of a home to demonstrate that it is providing the quality of care for its elderly residents required by the Accreditation Standards.

11. The first round of accreditation took place between September 1999 and December 2000. A total of 2938 homes were accredited, with 93 per cent receiving three years accreditation. At 30 June 2002, 96 per cent of the 2938 accredited homes had accreditation periods of three years. The second major round of accreditation commenced in 2002 and will continue until mid 2003.

Audit objective and methodology

12. The objective of the audit was to form an opinion on whether the Agency's management of the residential aged care accreditation process is efficient and effective. The ANAO did not form an opinion on, or provide assurance about, the quality of care in residential aged care homes. However, the ANAO examined the Agency's systems to determine whether the Agency was well-placed to fulfil its statutory responsibilities. Following completion of accreditation Round 2, the Agency could review a sample of its decisions to confirm its compliance with the requirements of the *Aged Care Act 1997* and its related instruments.

13. To achieve the audit's objective, the ANAO examined whether:
- the Agency has clearly identified its legislative responsibilities and implemented an effective process to meet them;
 - business operations, people management and budgeting practices adequately support management of the accreditation process;
 - the Agency collects, uses and disseminates information on the accreditation process; and
 - the Agency has a credible quality assurance system for the accreditation process.
14. The ANAO interviewed key personnel at the Agency's national office, at two state offices, and at Health as well as a selection of other stakeholders; examined service files and tested a sample of accreditation decisions; accompanied assessors conducting accreditation audits; visited a number of residential aged care homes; and reviewed relevant documentation.

Key Findings

Statutory Requirements (Chapter 2)

15. The Agency has implemented an adequate process to meet its legislative responsibilities for the accreditation process. It has produced an Accreditation Guide, which accurately reflects the Principles, to assist approved providers of residential aged care homes applying for accreditation. In a sample of files on homes reviewed by the ANAO, it was assessed that the Agency's procedures for accreditation Round 1 largely complied with the requirements of the Principles. Incidents of non-compliance were largely due to the Agency not meeting some of the legislated deadlines. This was likely to be related to: the fact that the accreditation process was new and untested; the need to accredit a large number of homes in a relatively short period of time with all available resources devoted to accreditation; and the limited number of decision-makers in Round 1. In the latter stages of Round 1, the Agency improved its compliance with the legislated deadlines.

16. The Agency has informed the ANAO that it has identified what it considers to be challenges to operational effectiveness and efficiency contained in the aged care legislation. However, the Agency is governed by this legislation and must continue to operate within its current requirements.

Managing Income and Workflow (Chapter 3)

17. The accreditation process is cyclical due to the effect of accreditation initially falling within one year and the fact that 93 per cent of homes received three years' accreditation in Round 1. As a result, the bulk of accreditation fee income is received during one year, with the Agency having net profits during peak accreditation periods, and net losses in other periods. For example, the Agency made a net profit of \$2.6 million in 2000–01, and a net loss of \$4.0 million in 2001–02.

18. The cyclical nature of accreditation also impacts on workflow. The Agency manages this cycle during peak accreditation periods by supplementing its core assessor workforce with contract assessors, resulting in increased workforce costs. Contract assessors, who accounted for less than two per cent of the assessor workforce in October 2002, will be increased during the peak of accreditation Round 2 (forecast for May 2003). They will account then for just over 50 per cent of the total assessor workforce. The Agency's workforce planning will be assisted in Round 2 by the experience gained during the first round, and by its ability to

forecast the majority of accreditation-related workforce requirements, based largely on procedures and deadlines in the Principles.

19. At the time of the audit, the Agency had limited knowledge of the costs of its accreditation activities. As well, it did not have a cost allocation methodology. A robust cost system is necessary to identify the actual cost of accreditation activities, such as assessment visits and support contacts, to understand how resources are used within the process, and to effectively apply available budget and resources. The Agency acknowledged that there were weaknesses in its costing systems and, in response to the draft audit report, has advised the ANAO that it has developed a cost allocation methodology.

Managing People (Chapter 4)

20. As at 30 June 2002, the Agency employed 147 people, 18 at national office and the remainder in the state offices. Almost half of the Agency's employees are Quality Assessors (71 at 30 June 2002). Overall, the Agency's human resource management supports the accreditation process. The Quality Assessor registration system and recruitment procedures generally support selection of individuals with the potential to learn and apply their knowledge and skills, and provide the Agency with a level of assurance regarding the skills of assessors. The Agency trains internal staff to equip them with the appropriate skills to perform effectively in their roles. In addition, the Agency has formal and informal structures in place to monitor the performance of internal staff involved in the accreditation process.

21. Contract assessors are provided with Self-learning Packages and have access to accreditation briefings. In September 2002, largely in response to comments by contract assessors following Round 1, the Agency proposed a contract assessor strategy. The strategy, recognising that similar skills and knowledge are needed among internal and contract assessors, incorporates contract assessor skills development and maintenance, and a structured performance management system. The Agency has advised the ANAO that training for accreditation Round 2 was the same for all internal and contract assessors.

22. The Agency is not using data to systematically identify state and national training needs. In addition, the Agency has minimal human resource data on internal and contract assessors. Consequently, the Agency has conducted only limited analysis. As a result, the Agency has little evidence to identify, or address, differences in skill levels of the two different types of assessors.

Managing Information (Chapter 5)

23. The Agency's Audit Management Information (AMI) system is a workflow management system developed in 1999 to assist the Agency to manage the accreditation process. AMI reflects the requirements of the Accreditation Grant Principles. Since its inception, AMI's utility and accuracy have not been systematically reviewed or evaluated to ensure that AMI adequately meets user needs. In ANAO interviews regarding AMI, the majority of senior staff involved in the accreditation process questioned the system's utility for management and reporting purposes, although it was recognised as a useful and time-saving administrative tool. Reasons given for lack of widespread use were that AMI was not kept up-to-date and was not perceived to be user-friendly.

24. Most of the Agency's accreditation-related management reports, examined by the ANAO, present a summary of Agency activities and outputs at a particular point in time. The Agency makes limited use of qualitative and long-term measures, analysis of accreditation trends over time, comparisons between states, or actual performance against targets.

25. On the whole, performance indicators and targets are focused on the outputs and efficiency of the Agency's accreditation process. However, one of the Agency's objectives, described in its Corporate Plan, is to 'enhance quality of life for residents'. While a number of factors and entities contribute to the quality of care provided to residents, the Agency does not yet have a way to assess the outcome of its accreditation and monitoring work on the residential aged care industry.

26. The Agency is required by legislation to 'promote and encourage quality care in residential care services'.³ As part of this responsibility, it is expected to provide information, education, training and support for residential care services. To date, it has provided information to stakeholders on its role, the accreditation process and accreditation findings. The main methods of communication are through the Agency's newsletter, pamphlets, web site, presentations and Agency Liaison Groups.

27. The Agency has acknowledged that, during accreditation Round 1, its focus was on regulation rather than education. With the establishment of a national Education Division, the Agency will be in a position to give a higher priority to its education responsibilities. Some industry representatives have expressed concern over the Agency's dual roles as accreditor and educator. These concerns range from a reluctance to approach the Agency for education assistance for fear of regulatory consequences, to homes being receptive to the education role and appreciative of the opportunity to interact with, and learn from, Agency

³ Accreditation Grant Principles 1999, Part 6.

staff in another forum. The potential tension between the Agency's dual roles of accreditor and educator, and the response from some parts of the aged care industry, is a risk that the Agency must continue to manage. This is not unlike the position that many regulators face in ensuring their stakeholders clearly understand, and meet, all requirements.

Improving Quality and Consistency (Chapter 6)

28. The results of the first round of accreditation suggest that there was some inconsistent interpretation of the Standards and application of ratings. For example, as at 30 June 2001, homes in New South Wales/Australian Capital Territory received a higher proportion of commendable ratings (19.3 per cent) compared to those in Western Australia (0.4 per cent) and an average across all states of 9.3 per cent. There was less variation in the length of accreditation period from state to state with, for example, 98 per cent of homes in Tasmania accredited for three years compared with 89 per cent in Western Australia. The differences may be related to a number of reasons, including different state environments and regulatory systems, the performance and quality of individual homes, the extent of approved provider knowledge of accreditation, guidance provided to approved providers, and the skills or experience of assessors. The Agency has performed limited analysis of the results of the first round of accreditation to identify the reasons for the variation in ratings or to determine whether the variation is reasonable.

29. Very few decisions, however, have been challenged through the reconsiderations and appeals mechanisms available to approved providers. In the three years to September 2002, the Agency received 65 requests for reconsideration, of which six were withdrawn. This represents less than two per cent of the total number of decisions made by the Agency in the same period. To June 2002, 10 appeals had been made to the Administration Appeals Tribunal (AAT), of which four were withdrawn because they were outside the AAT's jurisdiction.

30. The Agency has implemented a number of quality assurance mechanisms that enhance quality and consistency in assessor ratings and decision-making, thereby contributing to the quality of the accreditation process. These mechanisms include the use of automated process checklists and document control, report co-ordinators, Feedback Questionnaires and a complaints handling policy. However, the Agency has not documented its existing mechanisms nor systematically reviewed its quality assurance procedures to ensure that they are, and remain, robust, and that they provide the Agency with assurance that its management of the accreditation process is effective. Robust

quality assurance procedures would improve the quality of the accreditation process and provide necessary assurance about the Agency's management of the process.

Overall conclusion

31. While operating under challenging circumstances, the Agency successfully assessed all residential aged care homes by 1 January 2001, as required by the *Aged Care Act 1997*, implementing a process to accredit and support services.

32. The ANAO concludes that the Agency has adequately identified its legislative responsibilities for accreditation and has implemented an adequate process to meet them. In general, its management of its people and workflow supports the management of the accreditation process.

33. However, the ANAO also concludes that there are some weaknesses in the Agency's management systems, which impact adversely on its management of the accreditation process. These include the Agency's costing systems, information management, and quality assurance mechanisms. The ANAO has made six recommendations addressing observed weaknesses.

Recommendations

The ANAO's recommendations are listed below. The ANAO considers that the key recommendations are Recommendations 1, 3 and 5.

Recommendation No. 1
Para. 3.24

The ANAO recommends that the Agency ensure it has a robust system for determining and allocating the costs of its functions so that it can identify the actual cost of accreditation activities and properly inform resource planning decisions.

Agency's response: Agreed.

Recommendation No. 2
Para. 5.50

The ANAO recommends that the Agency review the Accreditation Management Information system to ensure that it meets user needs and achieves its objective to facilitate effective management of the accreditation process.

Agency's response: Agreed.

Recommendation No. 3
Para. 5.53

The ANAO recommends that the Agency implement a suitable system to analyse the accreditation process and use the results to identify improvements to the process.

Agency's response: Agreed.

Recommendation No. 4
Para. 5.55

The ANAO recommends that the Agency implement suitable performance indicators to assist in assessing the internal effectiveness of management of the accreditation process.

Agency's response: Agreed.

Recommendation No. 5
Para. 5.57

The ANAO recommends that the Agency and Health plan an evaluation of the impact of accreditation on the quality of care in the residential care industry.

Agency's response: Agreed.

Health's response: Agreed.

Recommendation No. 6
Para. 6.40

The ANAO recommends that the Agency review its quality mechanisms to ensure that it has a robust, well-documented quality assurance system that supports high quality and consistent assessment outcomes and related decision-making.

Agency's response: Agreed.

The Agency's response to the report

34. The Agency agrees with the general thrust of the ANAO findings. Many of the issues identified in the ANAO report were previously identified by Agency management in the period between the end of Round 1 and the commencement of Round 2. Some are under development and the remainder are planned for implementation.
35. The Agency will develop an implementation plan over the coming months.

Audit Findings and Conclusions



Residents enjoying Christmas lunch at an aged care home.⁴

⁴ The audit team would like to thank the residents and staff of Mirinjani Village for allowing the team to take photographs in their home. Faces have been obscured to protect the residents' identities.

1. Introduction

Aged care in Australia

1.1 The Commonwealth's aged care program aims to provide 'support for healthy ageing for older Australians and quality and cost-effective care for frail older people and support for their carers'.⁵ The primary means of delivering aged care are community care and residential care.

1.2 In 2002–03, the Commonwealth appropriation for residential care was \$4.3 billion. This was made up of \$3.8 billion from the Health and Ageing Portfolio Outcome 3: Enhanced Quality of Life for Older Australians, which was 75 per cent of the \$5.1 billion total appropriation for aged care⁶, and \$491 million from the Veterans Affairs Portfolio Outcome 2: Access to Health and Other Care Services. Health has advised the ANAO that, in addition to Commonwealth funds, some state governments provide funding to Commonwealth funded residential aged care homes (\$241 million in 1999–2000). Most residents also contribute to the cost of their care through daily care fees and accommodation payments. The estimated value of these private sector contributions for 2002–03 is \$1.8 billion. Therefore, the regulation of quality of care includes regulation of combined public and private sector funds, amounting to an estimated \$6.3 billion in 2002–03.

1.3 Residential aged care homes provide accommodation, and personal and nursing care, to people who can no longer manage to live in their own homes. In homes, residents are provided with a range of services, including support services such as meals and laundry, personal care services such as assistance with dressing and bathing, and various health services. In addition, homes foster social interaction between residents, often organising a calendar of activities and social events.

1.4 The 2001 Census reported that there were 2.4 million persons in Australia aged 65 years or more, accounting for 12.6 per cent of the total population.⁷ With the proportion of the population aged over 65 projected to double and those aged over 85 set to quadruple over the next forty years⁸, there will be

⁵ Department of Health and Ageing, 2002, *Portfolio Budget Statements 2002–03, Health and Ageing Portfolio, Budget Paper No. 1.11*, Department of Health and Ageing, Canberra, p. 99.

⁶ Health and Ageing Portfolio Outcome 3: Enhanced Quality of Life for Older Australians.

⁷ Australian Bureau of Statistics 2002, *Census of Population and Housing: Selected Social and Housing Characteristics, Australia*, cat. no. 2015.0, ABS, Canberra.

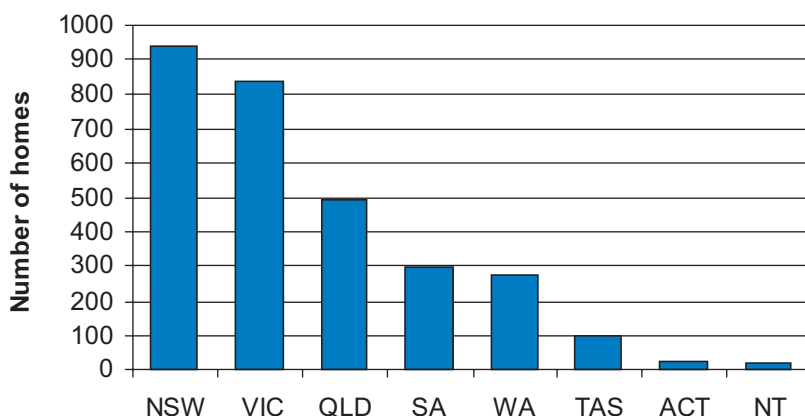
⁸ The number of persons aged 65 years or more, as a proportion of the total population, is expected to increase to 25 per cent by 2042, those aged 85 years or more are expected to increase from 1.5 per cent to 4 per cent—*Intergenerational Report 2002–03, Budget Paper No.5*, p. 19, 22.

increasing demands on homes to provide care and support to an older and frailer group. The average level of dependency of persons in residential aged care homes is increasing. As at June 2001, 63.1 per cent of residents required a high level of care, up from 57.8 per cent in June 1998, while 37.1 per cent of residents required low level care, down from 42.2 per cent in 1998.⁹ The average age of residents is 83.2 years^{10, 11}. Approximately 35 per cent of residents remain in residential aged care homes for less than one year and 22 per cent stay for more than five years. The average length of stay in a home is three years.¹²

1.5 As at June 2002, there were 144 139 operational residential care beds allocated across 2949 residential aged care homes Australia-wide.¹³ In June 2002, the average occupancy rate in homes was 96.2 per cent. Figure 1.1 illustrates the distribution of homes across the states.

Figure 1.1

Number of residential aged care homes, as at 30 June 2001



Source: ANAO analysis of data from *Residential aged care services in Australia 2000–01, a statistical overview*.¹⁴

1.6 Residential aged care homes vary in size from fewer than 20 beds to over 100. Figure 1.2 illustrates the number and range of homes by size.

⁹ Australian Institute of Health and Welfare 2001, *Residential Aged Care Services 2000–01, A Statistical Overview*, Australian Institute of Health and Welfare, Canberra, Table 2, p. 7.

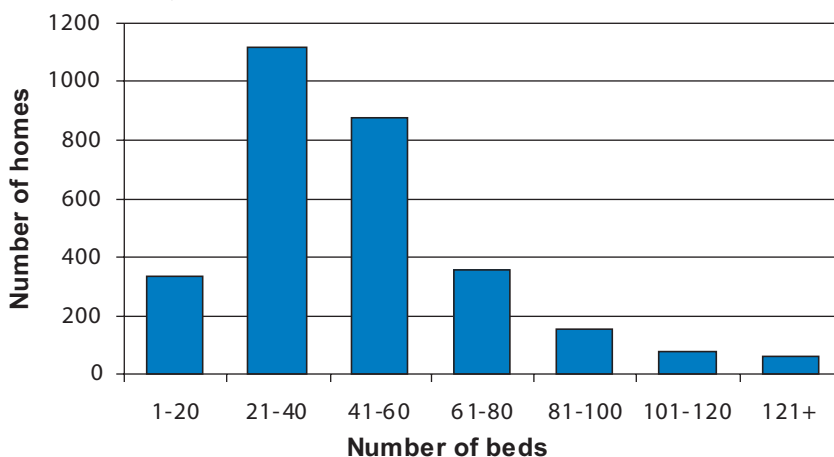
¹⁰ Department of Health and Ageing 2002, *Aged Care in Australia*, Department of Health and Ageing, Canberra, p. 28.

¹¹ Although the majority of residents are elderly, a small number are younger persons with varying levels of disability. As at 30 June 2001, 4.5 per cent of residents were aged under 65 years.

¹² Department of Health and Ageing 2002, *Aged Care in Australia*, Department of Health and Ageing, Canberra, p. 27.

¹³ Department of Health and Ageing 2002, *Annual Report 2001–02*, Department of Health and Ageing, Canberra, p. 123 & 128.

¹⁴ Australian Institute of Health and Welfare 2001, *Residential aged care services in Australia 2000–01, a statistical overview*, Australian Institute of Health and Welfare, Canberra, Table 1.6, p. 22.

Figure 1.2**Residential aged care homes by size, as at 30 June 2001**

Source ANAO analysis of data from *Residential aged care services in Australia 2000–01, a statistical overview*.¹⁵

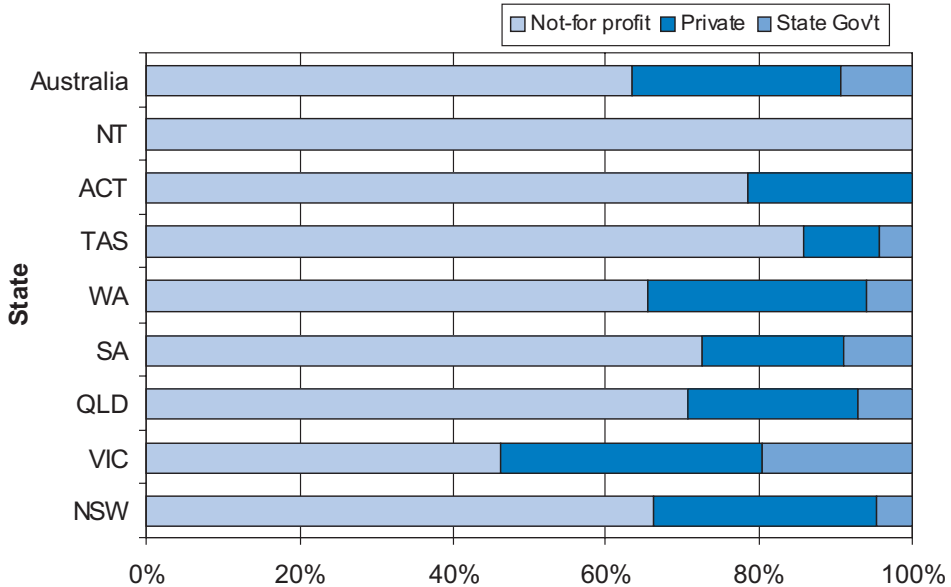
1.7 Approximately 64 per cent of homes are located in city/metropolitan areas, with the remainder being in rural and remote regions.¹⁶ Health does not directly operate any residential aged care homes. However, the Aboriginal Hostels Limited, a wholly owned Commonwealth company, operates a home in the Northern Territory. Homes are operated by the not-for-profit and private sectors and by local and state governments, as illustrated in Figure 1.3.

¹⁵ *ibid.*

¹⁶ *ibid.*

Figure 1.3

Operational residential places by provider type, as at 30 June 2002



Source: ANAO analysis of data from *Report on the Operation of the Aged Care Act 1997: 1 July 2001 to 30 June 2002*.¹⁷

Residential aged care accreditation

1.8 From the 1950s until the 1980s, two sets of Commonwealth aged care provisions developed separately. Nursing homes were subject to the *National Health Act 1953*, while hostels¹⁸ were subject to the *Aged or Disabled Persons Care Act 1954*. Briefly, the purpose of the two Acts was to encourage and assist the provision of suitable care and accommodation for elderly or disabled persons. A new direction emerged in 1986, when the Commonwealth's funding arrangements for nursing homes and hostels converged.

1.9 In 1987, the former Department of Health introduced Outcomes Standards for nursing homes. Under this model, compliance with the Outcome Standards was monitored by Health through visits by Standards Monitoring Teams to residential aged care homes. A review of aged care confirmed, in 2001, that Outcome Standards 'could not distinguish between one-off events and systemic problems, did not properly address cases of poor care and failed to promote continuous improvement'.¹⁹ In its response to the review, the Government agreed

¹⁷ Department of Health and Ageing 2002, *Report on the Operation of the Aged Care Act 1997: 1 July 2001 to 30 June 2002*, Department of Health and Ageing, Canberra, p. 9, Table 3.

¹⁸ See Glossary for definition (Appendix 1).

¹⁹ Grey, L., 2001, *Report of the Two Year Review of Aged Care Reforms*, Department of Health and Aged Care, Canberra, p. 5.

that Health's 'standards monitoring processes failed residents as not all homes were visited and the system focused nursing home providers on minimum care standards rather than on quality of care or innovation and improvement'.²⁰

1.10 In the 1996–97 Budget, the Commonwealth Government introduced the Residential Aged Care Structural Reform Package. In summary, the Package addressed:

- the combination of nursing home and residential sectors into one residential care stream;
- new income testing arrangements;
- an accommodation bonds scheme; and
- a new compulsory accreditation-based quality assurance system for residential aged care homes.

1.11 The Package led to the introduction of new legislation—the *Aged Care Act 1997*. The Act is the umbrella legislation for aged care in Australia. It provides the framework for aged care funding and the administration of Commonwealth-funded aged care, and for the obligations of approved providers of aged care services.

The accreditation process

1.12 The Agency was established in October 1997 to manage the accreditation process. To ensure its independence from government and industry, the Agency was established as an independent Commonwealth company. The Agency plays a vital role in aged care. One of the Agency's primary functions is to ensure that homes continuously maintain and comply with the Accreditation Standards (discussed below). A failure to effectively assess the quality of care in homes and to adequately monitor quality of care has potentially serious consequences for residents, most of whom are frail and vulnerable and their families.

1.13 The Agency assesses the performance of residential aged care homes against the Accreditation Standards. The Accreditation Standards, detailed in the *Quality of Care Principles 1997*, outline the expected standard of quality of care and quality of life to be provided to residents of residential aged care homes. They consist of 44 Expected Outcomes divided into four parts²¹:

- Part 1—Management systems, staffing and organisational development;
- Part 2—Health and personal care;

²⁰ Department of Health and Aged Care 2001, *Government Response to the Report of the Two Year Review of Aged Care Reforms*, Department of Health and Aged Care, Canberra, p. 15.

²¹ The relationship between the relevant aged care legislation is demonstrated at Appendix 2. The 44 Expected Outcomes are listed at Appendix 3.

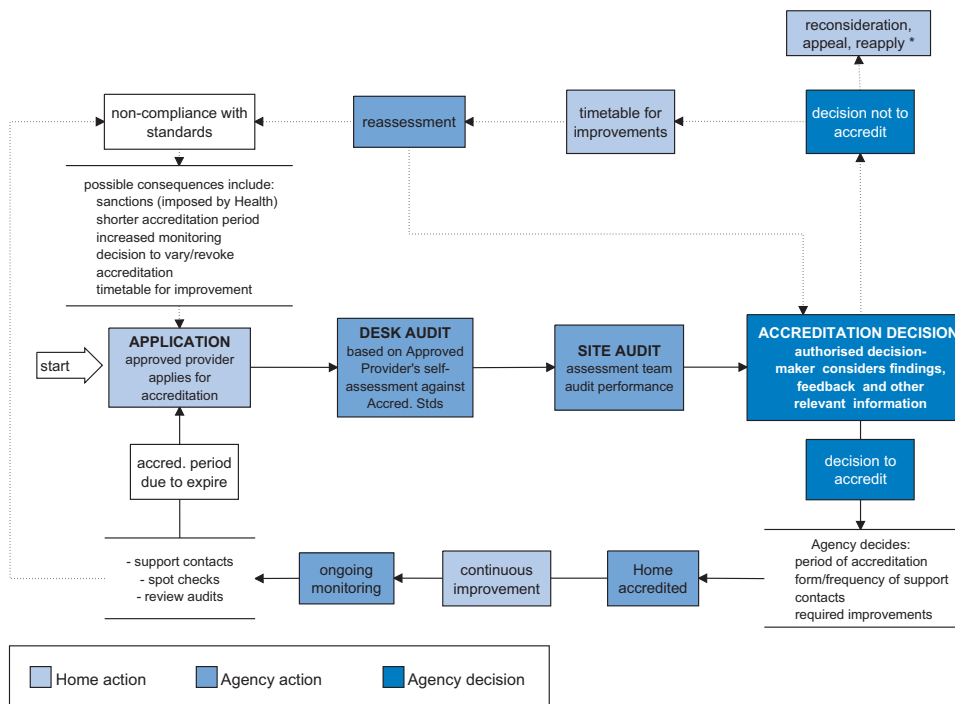
- Part 3–Resident lifestyle; and
- Part 4–Physical environment and safe systems.

1.14 There have been two major rounds of accreditation to date. The first round of accreditation (Round 1) took place between September 1999 and December 2000. The second major round of accreditation (Round 2) commenced in 2002. It will continue until early 2003. During the first round of accreditation, homes were assessed against each of the 44 Expected Outcomes as ‘commendable’, ‘satisfactory’, ‘unacceptable’ or ‘critical’. During the second round, a revised accreditation rating system has applied to applications from 1 May 2002, whereby homes are rated as ‘compliant’, ‘non-compliant’ or ‘non-compliant with serious risk’. Also, for the second round, the Agency introduced a higher ratings awards scheme for highly performing homes. Under the scheme, homes may apply for either ‘accreditation with merit’ or ‘commendable’. Homes rated as ‘commendable’ may receive accreditation for a period of up to four years. Accreditation is normally granted for a period of up to three years. New homes receive accreditation for one year. The accreditation period may be reduced or revoked if a home does not continue to meet the Standards.

1.15 A total of 2938 homes were accredited during the first round of accreditation, with 93 per cent receiving three years’ accreditation. At 30 June 2002, 2811 homes (95.3 per cent) were accredited for three years; 40 homes (1.4 per cent) were accredited for one year; and 97 homes (3.3 per cent) were accredited for other periods.

1.16 The accreditation process is described in the Accreditation Grant Principles 1999. Figure 1.4 outlines the main steps in the process.

Figure 1.4
Outline of the accreditation process



*Note: Approved providers can request that the Agency reconsider a decision. If still dissatisfied, a provider can appeal to the Administrative Appeals Tribunal. Providers may also reapply for accreditation.

Source: ANAO analysis.

1.17 The major steps in the accreditation process are summarised below.

1. The home provides a statement of its compliance (a self-assessment) with the Accreditation Standards, thereby affirming the quality of its care for its elderly residents. Under the previous Outcomes Standards system, homes were not required to self-assess and to affirm that they provided sound quality of care. Therefore, this first step in the accreditation process represents a significant change. In introducing self-assessment, a greater onus than under the previous system is placed on the management of homes to demonstrate that the home is providing the quality of care required by the Accreditation Standards.
2. The home's self-assessment is reviewed by an Agency team of registered quality assessors in a 'desk audit'.
3. Subject to satisfactory completion of the desk audit, the assessment team visits the home and conducts a 'site audit' to assess the home's performance against the Standards. The team reviews documents,

interviews staff, residents, relatives and other relevant people. The team also observes the environment and practices of the home. On completion of the site audit, the team records its findings in a Site Audit Report.

4. The Agency then considers the assessment team findings, comments from the home and any relevant information from Health in making its decision on accreditation. The Agency decides whether or not to accredit the home, the period of accreditation, the form and frequency of support contacts and whether it must make improvements.

5. Once a home is accredited, it continues to be monitored. Each home is required to submit and implement a 'plan for continuous improvement'. Homes are supervised by the Agency to ensure their ongoing compliance with the Standards through spot checks, support contacts and review audits.

6. Health has responsibility for imposing sanctions on approved providers in cases of non-compliance with legislated responsibilities. Possible sanctions include restricting the authority of a home to accept new residents, appointing an administrator or appointing a nurse advisor. Also, the home may lose Commonwealth funding, usually resulting in the home closing. However, this is a last option as it would mean moving frail aged residents from their homes, as well as decreasing the number of operational aged care beds.

7. Homes that do not achieve accreditation can apply to the Agency for reconsideration of the decision. The Agency may decide to revoke the decision based on information the home provides. If following reconsideration, the decision is still not to accredit, homes may appeal to the Administrative Appeals Tribunal.

The role of Health and the states

1.18 Health has a primary role in the regulation of residential aged care at the Commonwealth level.

1.19 Health approves providers of residential care services that meet the requirements of the Act.²² Approved providers receive residential care subsidies from the Commonwealth, the amount being allocated on an 'aged care place' basis and dependent on the level of care required by residents as defined by the Residential Classification Scheme.²³ Currently, demand for aged care beds is greater than the supply of beds (as at 30 June 2002, there were 144 139 operational residential care beds). In 2001–02, the average Commonwealth subsidy paid

²² The ANAO reviewed Health's allocation of new aged care places in Australian National Audit Office, 2000, *The Planning of Aged Care*, Department of Health and Aged Care, the Auditor-General Audit Report, No.19 1998–1999, Canberra, p. 13.

²³ The Residential Care Classification Scheme is a needs-based model in which all residents are categorised into a care category that determines the level of subsidy for that resident.

per utilised place was \$28 796.²⁴ Since 1 January 2001, payment of a subsidy has been contingent on the residential aged care home being accredited by the Agency.

1.20 Health is responsible for ensuring homes meet their other obligations under the Act²⁵ and for taking action (eg: sanctions) where homes have breached, among other things, their responsibility to provide quality aged care, as per the Accreditation Standards, or have failed to implement improvements. Between the end of 1998 and September 2002, Health had imposed 62 sanctions on 50 approved providers.²⁶

1.21 Health also operates the Complaints Resolution Scheme. The Scheme was established in 1997 to resolve complaints about Commonwealth funded aged care services. The scheme assists a person with a concern about any aspect of the care or service provided by a residential aged care home, Community Aged Care Package²⁷ or flexible care service to express that concern. The scheme was reviewed in 2000 by the Commonwealth Ombudsman²⁸, who found that 'there was lack of clarity and understanding of the Scheme by all the parties'. Subsequently, the independent position of Commissioner for Complaints was established on 31 August 2000 through an amendment to the Committee Principles 1997 to oversee the operations of the Scheme.

1.22 Figure 1.5 outlines the roles of the Agency and Health in certifying and accrediting residential aged care homes.

²⁴ Department of Health and Ageing August 2002, *Aged Care in Australia*, Department of Health and Ageing, Canberra, p. 9.

²⁵ Other obligations include, for example, meeting building certification standards, notifying the Secretary of any changes to circumstances in the homes (as specified), and complying with general and specific prudential requirements.

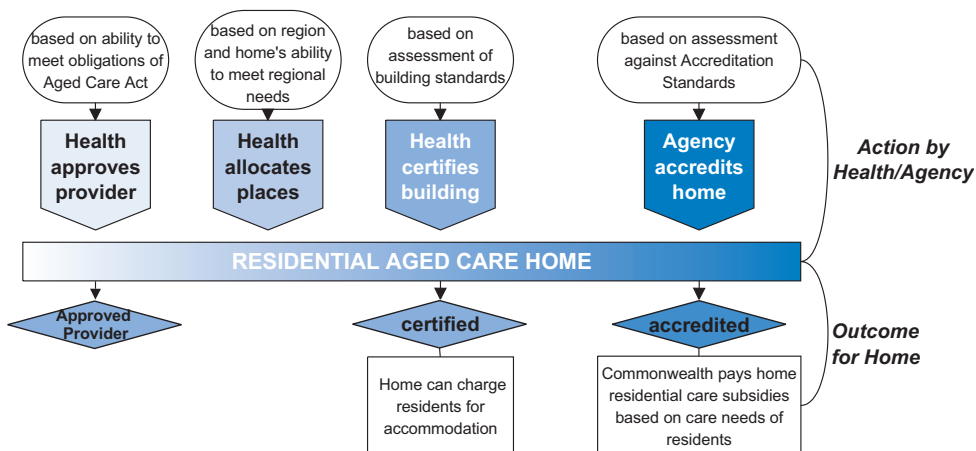
²⁶ Six services received two or more sanctions.

²⁷ Commonwealth funded Community Aged Care Packages are planned and coordinated packages of care to help older people remain living in their own homes. The types of services that may be provided as part of a package include: help with bathing, showering, or personal hygiene; social support; transport; laundry; meal preparation; and gardening.

²⁸ Commonwealth Ombudsman, *Report of an Own Motion Investigation into the Department of Health and Aged Care's Complaints Resolution Scheme*, July 2000.

Figure 1.5

Certifying and accrediting residential aged care homes



Source: ANAO analysis.

1.23 In addition, various levels of government have the authority to legislate and regulate residential aged care. In recent years, the majority of states have reduced their regulatory role. The NSW Government retains its regulatory function, but is currently reviewing this role.

The Aged Care Standards and Accreditation Agency Ltd

1.24 The Agency is a wholly-owned Commonwealth company, whose sole member is the Minister for Ageing. The Agency is governed by:

- the Act²⁹;
- the Principles³⁰;
- Quality of Care Principles 1997³¹;
- Accountability Principles 1998^{32, 33};

²⁹ Attorney-General's Department, *Aged Care Act 1997*, Attorney-General's Department, Canberra, 2002, viewed 9 January 2003, <<http://scaleplus.law.gov.au/html/pasteact/2/3051/pdf/AgedCare97.htm>>.

³⁰ Attorney-General's Department, *Accreditation Grant Principles 1999*, Attorney-General's Department, Canberra, 2002, viewed 9 January 2003, <<http://scaleplus.law.gov.au/html/instruments/0/2/0/2002091902.htm>>.

³¹ Attorney-General's Department, *Quality of Care Principles 1997*, Attorney-General's Department, Canberra, 2002, viewed 9 January 2003, <<http://scaleplus.law.gov.au/html/instruments/0/2/0/2002091916.htm>>.

³² Attorney-General's Department, *Accountability Principles 1998*, Attorney-General's Department, Canberra, 2002, viewed 9 January 2003, <<http://scaleplus.law.gov.au/html/instruments/0/2/0/2002091901.htm>>.

³³ See Appendix 2 for the relationship between the Act and its related instruments.

- *Commonwealth Authorities and Companies Act 1997*;
- Deed of Funding Agreement with the Department of Health and Aged Care³⁴;
- Corporations Law; and
- its Company Constitution.

1.25 The Agency's Company Constitution was adopted on 16 September 2002 and replaces its former Memorandum and Articles of Association. The Constitution describes the nature of the company, its objects and powers, and various applicable governance regulations. The Deed of Funding Agreement details the financial and reporting relationship between Health and the Agency. It also prescribes the type and volumes of activities the Agency will perform under the Act. The first Agreement was signed on 3 February 1998. The current Agreement was signed on 6 September 2001 and runs for a period of three years.

Functions

1.26 The functions of the Agency are to:

- manage the residential aged care accreditation process using the Accreditation Standards;
- promote high quality care and assist industry to improve service quality by identifying best practice, and providing information, education and training;
- assess and strategically manage services working towards accreditation; and
- liaise with the Department of Health and Ageing about services that do not comply with the relevant Standards.

Funding

1.27 The Agency's primary sources of income are an annual payment under the terms of the Deed of Funding Agreement from the Commonwealth and revenue from accreditation fees paid by approved providers of residential aged care homes.

³⁴ Now the Department of Health and Ageing.

Table 1.1
Agency funding

	Estimated Actual 2001–2002 (\$'000)	Budget Estimate 2002–2003 (\$'000)
Revenue from government	11 554	12 813
Sales of goods and services (accreditation fees)	1 442	16 800
Other revenue	227	324
Total revenue	13 223	29 937

Source: *Portfolio Budget Statements 2002–03, Health and Ageing Portfolio, Budget Related Paper No.1.11*, p. 254.

Structure

1.28 The Agency consists of a Board of Directors, a national office and five state offices. The Board reports to the Minister for Ageing and has overall responsibility for the Agency’s strategic direction and performance. The Chief Executive Officer (CEO) reports to the Board, and is responsible for the operational management of the company and for ensuring the delivery of the Agency’s functions. The CEO is supported by a team in national office who develop and implement national policies on accreditation, monitoring, education and training, communications and finance.

1.29 The five state offices deliver the day-to-day functions of the Agency, focused particularly on managing the accreditation process and monitoring the ongoing compliance and continuous improvement of residential aged care homes. Each state employs permanent staff including a State Manager responsible for making the accreditation decision, administrative staff, and Quality Assessors who conduct the accreditation audits. As at 30 June 2002, the Agency employed 147 persons, 18 at the national office and the remainder in the state offices. Almost half of the Agency’s employees are Quality Assessors (71 at 30 June 2002).

1.30 The Agency has now restructured along functional lines with its management centralised. Prior to the restructure, the Agency, in effect, operated as five state-based businesses with common functions such as human resource management and information technology, as well as day-to-day operations, devolved to the states. The Agency considers that the new structure will bring focus to core business activities, promote consistency and enhance the efficient use of resources.

Previous coverage of aged care

1.31 The ANAO audits the financial statements of the Agency and Health annually. Other ANAO performance audits relevant to residential aged care include:

- *Validation of Nursing Home Funding*, Department of Human Services and Health, Audit Report No.19, 1994–1995; and
- *The Planning of Aged Care*, Department of Health and Aged Care, Audit Report No.19, 1998–1999.

1.32 In addition, recognising the importance of aged care, the ANAO has conducted the following audits in this area:

- *Home and Community Care*, Department of Health and Aged Care, Audit Report No.36, 1999–2000;
- *Assessment of New Claims for the Aged Pension by Centrelink*, Centrelink, Audit Report No.34, 2000–2001;
- *Family and Community Services' Oversight of Centrelink's Assessment of New Claims for the Aged Pension*, Department of Family and Community Services, Centrelink, Audit Report No.35, 2000–2001;
- *Home and Community Care Follow-up*, Department of Health and Aged Care, Audit Report No.32, 2001–2002; and
- *Age Pension Entitlements*, Department of Family and Community Services, Centrelink, Audit Report No.17, 2002–2003.

1.33 Recent major external reviews of aged care include:

- Grey, L. 2001, *Report of the Two Year Review of Aged Care Reforms*, Department of Health and Aged Care, Canberra;
- Working Group of the National Aged Care Forum 2002, *Report of the Lessons Learned from Accreditation*, Department of Health and Ageing, Canberra; and
- The Myer Foundation 2002, *2020 A Vision for Aged Care in Australia*, The Myer Foundation, Melbourne.

The audit

Audit objective and scope

1.34 The objective for the audit was to form an opinion on whether the Agency's management of the residential aged care accreditation process is efficient and

effective. The ANAO did not form an opinion on, or provide assurance about, the quality of care in residential aged care homes. However, we examined the Agency's systems to determine whether the Agency was well-placed to fulfil its statutory responsibilities. Following completion of accreditation Round 2, the Agency could review a sample of its decisions to confirm its compliance with the requirements of the *Aged Care Act 1997* and its related instruments.

1.35 To achieve the audit's objective, the ANAO examined whether:

- the Agency has clearly identified its legislative responsibilities and implemented an effective process to meet them;
- business operations, people management and budgeting practices adequately support management of the accreditation process;
- the Agency collects, uses and disseminates information on the accreditation process; and
- the Agency has a credible quality assurance system for the accreditation process.

1.36 The audit focused on management of the accreditation process, examining the Agency procedures that lead to accreditation decisions. The audit included aspects of Health's role in the accreditation process.

Audit methodology

1.37 To achieve the audit's objective, the ANAO:

- interviewed key personnel at the Agency's national office and at two state offices;
- interviewed key personnel at Health;
- interviewed stakeholders, including representatives from peak body, industry and consumer groups, and the Commissioner for Complaints;
- examined service files and tested a sample of accreditation decisions;
- accompanied assessors conducting accreditation audits;
- visited a number of residential aged care homes; and
- reviewed relevant documentation.

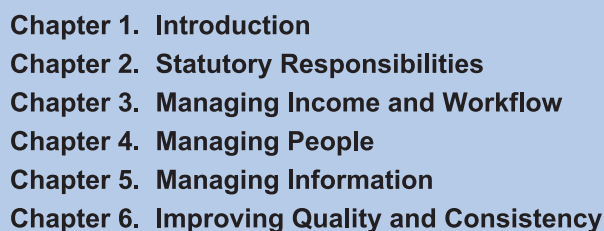
1.38 Audit fieldwork was conducted over the period July to September 2002. The audit was conducted in accordance with ANAO Auditing Standards at a cost of \$348 000.

Report structure

1.39 Figure 1.6 outlines the structure of this report.

Figure 1.6

Report structure



Chapter 1. Introduction
Chapter 2. Statutory Responsibilities
Chapter 3. Managing Income and Workflow
Chapter 4. Managing People
Chapter 5. Managing Information
Chapter 6. Improving Quality and Consistency

1.40 Three case studies have been included in Appendix 4 to illustrate aspects of the accreditation process and the work of the Agency. The case studies demonstrate the procedures of the accreditation assessors and their findings against a selection of Expected Outcomes. The case studies have all been selected from Part 3 of the Accreditation Standards—Resident Lifestyle. Part 3 states: ‘Residents retain their personal, civic, legal and consumer rights, and are assisted to achieve active control of their own lives within the residential care service and the community’. The case studies have been selected to demonstrate various aspects of this principle. The three Expected Outcomes selected are:

- Expected Outcome 3.4: Emotional support (Case Study 1);
- Expected Outcome 3.6: Privacy and dignity (Case Study 2); and
- Expected Outcome 3.5: Independence (Case Study 3).



A resident's room in an aged care home.³⁵

³⁵ The audit team would like to thank the residents and staff of Mirinjani Village for allowing the team to take photographs in their home.

2. Statutory Requirements

This chapter describes the Agency's statutory requirements for accreditation and how it meets these requirements, focusing on the aged care legislation.

Introduction

2.1 One of the Agency's core functions is the accreditation of residential aged care services. It performs this function, as per the requirements of the relevant aged care legislation (identified in paragraph 1.24). The Principles, made under sub-section 96-1(1) of the Act, provide the framework for the accreditation program. They set out:

- the accreditation procedures to be followed by the Agency and by approved residential care providers;
- matters to be taken into account by the Agency for accreditation of residential care services;
- the Agency's responsibilities for services that have received accreditation; and
- the ongoing obligations of providers.

2.2 The Accreditation Standards, included in the Quality of Care Principles 1997, detail the standard of care and services homes are expected to provide to residents.

Development of the accreditation legislation

2.3 Drafting of the Principles commenced in late 1997 and came into operation in September 1999. The development involved consideration of alternative accreditation systems, consultation with the Agency, industry and other stakeholder groups, and the establishment of a working group of industry and consumers.

2.4 Following incorporation of the Agency in October 1997, the first round of accreditation was to commence in early 1998. All homes were to be accredited by 1 January 2001 as required by section 42-4 of the Act in order to receive a Commonwealth subsidy. The Agency's power to accredit homes was dependent upon its enabling legislation, in particular the Principles. During the first round, demand for accreditation grew once the Principles came into operation and the deadline of 1 January 2001 approached. As demonstrated in Table 2.1, almost one third of accreditation decisions were made in the nine months after the

Principles became operational in September 1999. In total, the Agency successfully accredited close to 3000 homes in the 16-month period to 1 January 2001.

Table 2.1

Round one accreditation applications and decisions

As at:	Accreditation applications received	Accreditation decisions made
30 June 2000	2 900	995
30 June 2001	152	2 033

Source: Agency's Annual Reports of 1999–2000 and 2000–01.

The accreditation legislation—developing and applying the procedures

2.5 To assist approved providers in applying for accreditation, during 1998 the Agency produced an Accreditation Guide, Self-assessment Tool and Application Kit. These documents were developed in consultation with an industry panel and a focus group review. They incorporated comments from a range of service providers. The Guide was written prior to the gazettal of the Principles. As such, the procedures in the Guide were built around the Agency's expectations of the contents of the Principles. In effect they differed from the procedures detailed in the gazetted Principles. The Accreditation Guide and Application for Accreditation were revised after the Principles became operational in September 1999, following a review of accreditation Round 1.

2.6 The revised Accreditation Guide, released in December 2001, accurately reflects the Principles and the Agency's accreditation procedures. Project management of the review was robust, with a project manager assigned to lead the project. The review of the process took into account comments from quality assessors, homes, and peak bodies, correspondence received by the Agency, and the findings and recommendations of the *Report of Lessons Learned from Accreditation: Working Group of the National Aged Care Forum*.³⁶ The revised versions of the Guide and Application for Accreditation apply to homes where applications for accreditation were due on, or after, 1 May 2002.

2.7 During the first round of accreditation, homes working towards compliance with the Expected Outcomes, and with a plan in place to ensure compliance within a reasonable timeframe, were accredited for three years. For

³⁶ The Working Group of the National Aged Care Forum was established under the former Minister for Ageing to review the outcomes of the accreditation process. The Working Group consisted of five members from the aged care industry, aged persons and residential advocacy groups, and peak bodies. *The Report of Lessons Learned from Accreditation: Working Group of the National Aged Care Forum* was released in September 2002.

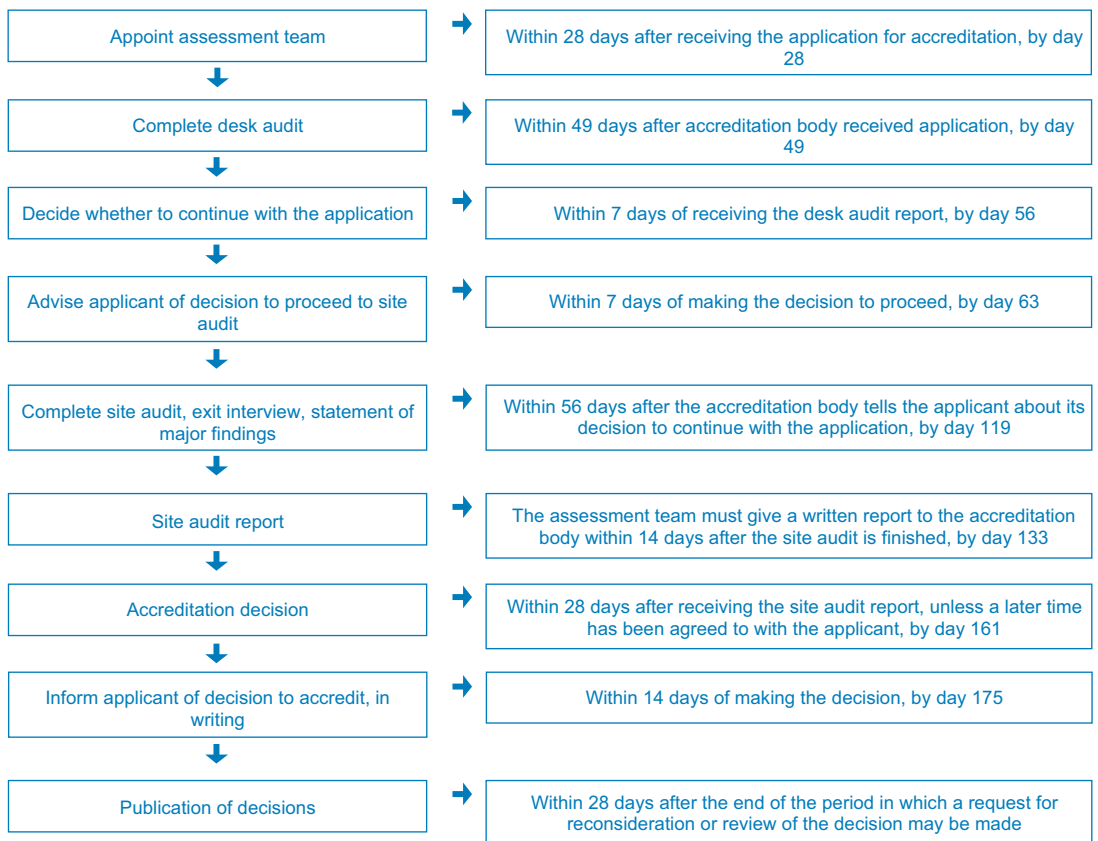
the second round of accreditation, the Agency has informed the ANAO that they expect homes to have implemented their plans. The Agency has further advised the ANAO that, to achieve three years accreditation in Round 2, a home should be able to demonstrate compliance with all, or almost all, 44 Expected Outcomes. Non-compliance that compromises the health, safety or well-being of residents may result in no accreditation or a shorter accreditation period.

Adherence to the accreditation legislation

2.8 The Principles contain very detailed and prescriptive procedures for accreditation, including specific timelines for various stages of the accreditation process. Figure 2.1 illustrates the typical timeline for the accreditation of an existing service.

Figure 2.1

Accreditation timeline³⁷



Source: Aged Care Standards and Accreditation Agency Ltd.

³⁷ Timeline where decision is to accredit home; excludes Agency decision not to accredit and requests for reconsideration of decisions.

2.9 The ANAO reviewed a small sample of provider files at two of the Agency's state offices³⁸. The Agency has acknowledged that the findings of that review, discussed below, were indicative of accreditation Round 1.

2.10 The ANAO found that the procedures complied with the requirements of the Principles. Incidents of non-compliance (17.5 per cent or 40 of the 228 incidents examined by the ANAO) were largely due to the Agency not meeting the deadlines set out in the Principles. Eighteen of the 40 incidents where deadlines were not met were related to section 2.16 of the Principles. Section 2.16 requires the Agency to complete the desk audit within 49 days of receiving the accreditation application. Also, section 2.16 accounted for the longest periods over the deadlines, with the longest six incidents all being breaches of the 49-day deadline. For these six incidents, the Agency performed the required action between seven and 13 weeks after the legislated deadline.

2.11 When reviewing the files, the ANAO noted that the majority of non-compliance occurred in the early and middle stages of Round 1. This is likely to be related to the fact that the accreditation process was new and untested. The latter was a consequence of the need to accredit a large number of homes in a relatively short period of time with all available resources devoted to accreditation, and the limited number of decision-makers in Round 1. The ANAO further noted that the Agency has since improved its compliance with the Principles, with fewer cases where legislated deadlines were exceeded.

2.12 The Agency informed the ANAO that it did not prioritise the specific milestones for the various stages of the accreditation process during Round 1; its primary focus was on meeting the final accreditation deadline of 1 January 2001. The Agency further informed the ANAO that its later achievement of specific milestones did not compromise service providers. The Agency was successful in meeting the challenging 1 January 2001 deadline.

Amendments to the accreditation legislation

2.13 The Agency has informed the ANAO that it has identified what it considers to be a number of challenges to operational effectiveness and efficiency in the legislation, particularly in the Accountability Principles and the Accreditation Grant Principles³⁹.

³⁸ The sample was systematically selected as per *AUS 514 Audit Sampling and Other Selective Testing Procedures*. Thirty-six applications for accreditation (18 applications from each State) were taken from a sample of 33 provider files. Three providers had made two applications, giving 36 applications from 33 providers. The ANAO did not intend the sample to be statistically representative. Therefore the results of the file review cannot be extrapolated to all applications the Agency received during the first round of accreditation. However, the Agency has acknowledged that the findings of that review were indicative of accreditation Round 1.

³⁹ See Appendix 2 for the relationship between the Act, the Accreditation Grant Principles and the Accountability Principles.

2.14 In September 2002, Health provided drafting instructions to the Office of Legislative Drafting for proposed changes to access provisions contained in the Accountability Principles. Health advised the ANAO, in March 2003, that a broader review of the Accreditation Grant Principles has commenced.

Other statutory responsibilities

2.15 Following the first round of accreditation, the Agency obtained legal advice on its statutory reporting obligations. In August 2001, solicitors retained by the Agency provided a report outlining the Agency's reporting requirements under the CAC Act, Corporations Law, and the Agency's Constitution. The report included a compliance calendar—a timetable of actions necessary to meet its obligations in the future.

2.16 The report noted that the Agency faces a number of overlapping and inconsistent reporting obligations that arise from a number of sources. These sources include the legislation under which the Agency operates and its Constitution and Deed of Funding Agreement. The report found that there had been a number of minor breaches by the Agency of its reporting obligations, many of which were technical in nature. Adherence to the compliance calendar, implemented for the 2002 calendar year, will assist the Agency to meet its reporting obligations in the future.

2.17 The Agency has also obtained legal advice on other matters, including company secretary responsibilities, legal indemnity or protection available to directors and officers of the Agency and the implications of privacy legislation (the *Privacy Amendment (Private Sector) Act 2000*).

2.18 One of the conditions of the Deed of Funding Agreement between the Agency and Health is that the Agency prepare and maintain a Service Charter. The Agency has drafted a Service Charter and has informed the ANAO that it intends to adopt the Charter in early 2003, thus fulfilling the conditions of the Funding Agreement.

Conclusions

2.19 The ANAO concludes that the Agency has implemented an accreditation process that is consistent with its legislative responsibilities. In addition, the Agency has implemented a compliance calendar to assist it to meet its statutory requirements.

3. Managing Income and Workflow

This chapter discusses the Agency's funding arrangements and elements of its workflow scheduling.

Introduction

3.1 As noted in the *Portfolio Budget Statements 2002–03, Health and Ageing Portfolio* (PBS), the Agency is a body corporate which is paid an accreditation grant by the Commonwealth for the purpose of accrediting residential aged care services in accordance with the Principles. In addition, under the *Aged Care Act 1997*, the Agency charges approved providers a fee for accreditation.

Deed of Funding Agreement

3.2 The Deed of Funding Agreement between the Commonwealth of Australia, as represented by Health, and the Agency is consistent with the requirements of the Act.⁴⁰ It is the agreement between Health and the Agency detailing their financial and reporting relationship. The first Agreement was signed on 3 February 1998. The current Agreement was signed on 6 September 2001 and runs for a period of three years.

3.3 In return for providing the services outlined in the Agreement⁴¹, the Commonwealth, via Health, funds a proportion of the Agency.

3.4 The Funding Agreement also contains performance indicators and targets. The Agency reported its performance against the targets in its *2001–2002 Annual Report*. Accreditation targets for the period were met.

Accreditation Fees

3.5 The Agency charges approved providers a fee for accreditation, payable on application. The Agency was granted the ability to charge accreditation fees by an amendment to the Act in 1999. The fees model is set by legislation⁴² and, as such, it cannot be changed unless legislative amendments are made to the Principles. Accreditation fees, as per the Principles, are structured as per Table 3.1.

⁴⁰ Section 80-1 of the *Aged Care Act 1997*.

⁴¹ The services to be provided by the Agency, outlined in the Agreement, are listed in paragraph 1.26.

⁴² Sections 2.6-2.8 of the Principles.

Table 3.1**Accreditation Fees—for applications made on or after 1 November 1999**

	Existing service	Commencing service
<20 residential care places ⁴³	no fee	no fee
20 residential care places	\$1500	\$300
>20 to <26 residential care places	the sum of \$1500 plus \$500 for each additional place above 20 places	20% of the sum of \$1500 plus \$500 for each additional place above 20 places
≥26 residential care places	the sum of \$3050 plus the lesser of: \$95 for each place and \$9 500	20% of the fee that would be payable if an ongoing service

Source: Accreditation Grant Principles 1999, Sections 2.6–2.8.

3.6 The current fee structure is not indexed. The amount charged to large homes is capped. It does not allow for the Agency to charge fees for review audits or the additional costs of assessing and supporting poorly performing homes. Health has informed the ANAO that it has supplemented the Agency's budget for review audits and spot checks.

3.7 In addition to accreditation fees, the Principles allow the Agency to charge fees for promoting and encouraging quality care.⁴⁴

Income

3.8 The Agency's early budget forecasts were based on the assumptions that accreditation would start in 1998 and that the Agency would have the authority to charge homes an accreditation fee. The Agency has stated that, as a result of the Principles not being operational until September 1999 and the restriction on charging accreditation fees until 1999, it forecast that its expenses would be greater than its income during 1998–1999. To overcome this difficulty, on a number of occasions the Commonwealth paid to the Agency an increased grant instalment, as an advance on its annual grant, to meet its operating expenses. Financial difficulties continued into the 1999–2000 financial year, with the Agency requiring an advance of \$1 million at the end of 1999–2000 and an additional one-off payment of \$3.5 million in 2000–01.

3.9 The Agency also requested additional resources for spot checks and to respond to referrals from the Complaints Resolution Scheme and from the Departmental Secretary for review audits. Health recognised, in October 2000,

⁴³ The Agency receives a subsidy for accrediting small services with less than 20 residential care places.

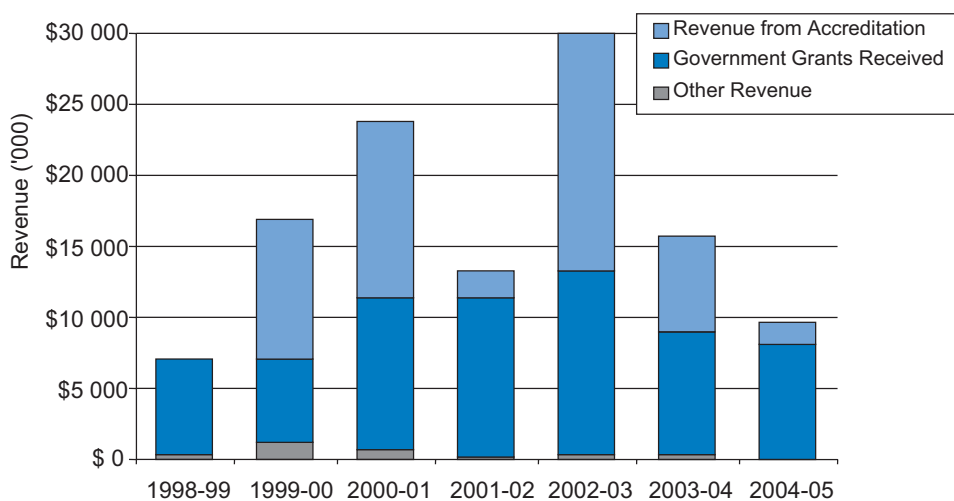
⁴⁴ Sections 6.1–6.3 of the Principles.

that there was a higher than expected level of activity required for spot checks and review audits and for assessment of homes referred by the Commonwealth.

3.10 As a result of Round 1, 93 per cent of homes received three years accreditation. This, combined with the effect of accreditation initially falling within a short period (September to December 1999), gives the accreditation process a cyclical nature—every three years the great majority of homes require re-accreditation. This cycle has a significant impact on the timing of expenditure and receipt of income through fees.

3.11 The bulk of accreditation fee income is received during one year, resulting in the Agency making net profits during peak accreditation periods, and net losses in other periods. This is demonstrated in Figures 3.1 and 3.2 below. Figure 3.1 shows the Agency’s revenue from 1998–99 to 2004–05. Figure 3.2 shows the Agency’s overall net profit (loss) in the same years.

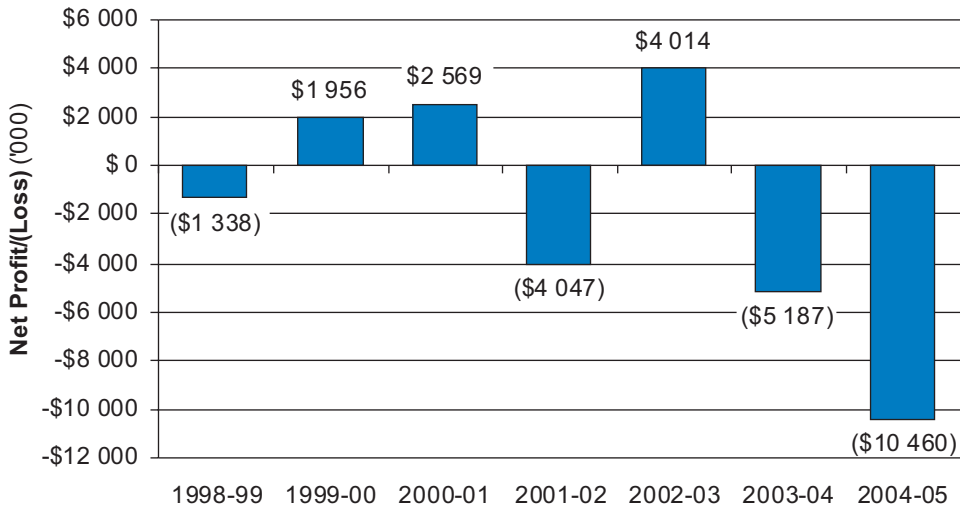
Figure 3.1
Agency revenue, 1998–99 to 2004–05



Note: 1998–99 to 2001–02 are actual figures.
2002–03 is a budget estimate.
2003–04 and 2004–05 are forward budget estimates.

Source: ANAO analysis of Portfolio Budget Statements 2002–03 and the Aged Care Standards and Accreditation Agency’s Annual Reports of 1999–2000, 2000–01 and 2001–02.

Figure 3.2
Agency net profit (loss), 1998–99 to 2004–05



Note: 1998–99 to 2001–02 is an actual figure.
 2002–03 is a budget estimate.
 2003–04 and 2004–05 are forward budget estimates.

Source: ANAO analysis of Portfolio Budget Statements 2002–03 and the Aged Care Standards and Accreditation Agency's Annual Reports of 1999–2000, 2000–01 and 2001–02.

3.12 The Agency's budget provides for an average of two support contacts—one site and one desk support—per home. In practice, however, poorly performing homes consume a greater proportion of Agency resources than do homes meeting the Accreditation Standards. Assessment visits and support contacts to poorly performing homes are often extended. Ongoing support usually requires frequent (sometimes daily) visits. The Agency must balance regulatory obligations—that is, the need to support homes to ensure they meet the Accreditation Standards—with the available budget and resources. The ANAO found that, on the whole, accreditation activity has not been adversely affected by budgetary constraints; the areas affected have been other functions such as industry education.

3.13 The cyclical nature of the accreditation process does enhance the Agency's ability to forecast income receipt in advance. However, the ANAO found that, at the time of the audit, the Agency did not have a cost allocation methodology. As well, it had limited knowledge of the costs of its accreditation activities. An effective cost allocation system is necessary to productively apply its available budget and resources. Such a system would assist the Agency to identify the actual cost of accreditation activities, such as assessment visits and support contacts, and understand how resources are used within the process. The Agency acknowledged that there were weaknesses in its costing systems and, in response

to the draft audit report, has advised the ANAO that it has developed a cost allocation methodology.

Funding beyond the current Funding Agreement

3.14 The Act⁴⁵ states that Health may, on behalf of the Commonwealth, enter into a written agreement with a body corporate under which the Commonwealth makes one or more grants of money to the body for, inter alia, accrediting residential care services. The Act does not refer specifically to the Agency, but rather to an accreditation body. The agreement referred to in the Act covers the Deed of Funding Agreement between the Commonwealth and the Agency.

3.15 The current Deed of Funding Agreement expires in 2004. The Agency's funding beyond 2003–04 is reliant upon the Commonwealth agreeing to further funding arrangements—that is, signing another funding agreement. Therefore, the Agency can make financial commitments until 2004. However, it is constrained in its ability to commit to significant expenditure beyond that time. The Agency advised the ANAO, in March 2003, that negotiation of funding for 2003–04 is yet to be resolved.

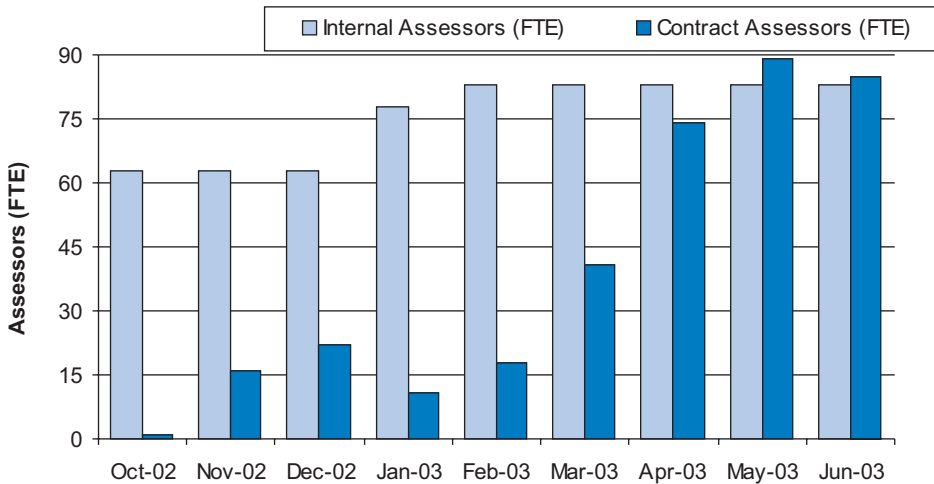
Workflow scheduling

3.16 The need to meet the initial accreditation guideline of 1 January 2001 resulted in intense workloads for assessors and decision-makers. Near the final deadline for applications, the Agency was receiving hundreds of applications a week. To meet this demand, the Agency employed a large number of contract assessors to supplement its core assessor workforce.

3.17 The Agency manages the cyclical nature of its work by employing a significantly higher number of assessors during peak accreditation periods, resulting in increased costs.⁴⁶ The Agency employs a core of internal assessors (71 as at 30 June 2002). During May 2003, the peak period of accreditation Round 2, this number will be supplemented with an estimated 89 contract assessors. Contract assessors will, therefore, account for over 50 per cent of the Agency's total assessor workforce at that time. Figure 3.3 demonstrates assessor requirements from the beginning of accreditation Round 2 until one month after its forecasted peak in May 2003.

⁴⁵ Division 80, Section 80-1(1)

⁴⁶ Contract assessors are paid in the range of \$1200 to \$1700 per accreditation audit, plus travel expenses, travel allowance, and incidentals.

Figure 3.3**Assessor requirements during accreditation Round 2**

Source: Aged Care Standards and Accreditation Agency Ltd—workforce requirements.

3.18 Efficient scheduling of workforce is an important element of the accreditation process. The cyclical nature of accreditation assists the Agency in this task as the majority of the quality assessor workload is determined as a result of the accreditation process. The Agency develops its schedules by forecasting the work flowing from:

- accreditation applications—based on the due date of the applications and the deadlines detailed in the Principles; and
- support contacts—approximately 80 per cent of support contacts are determined at the time of a home’s previous accreditation visit, support contact or review audit.

3.19 In addition, for Round 2, the Agency will have the experience of the first round to assist workforce planning.

3.20 Specific reports produced by the Agency’s Accreditation Management Information system (AMI) are intended to provide scheduling guidance to the Accreditation Co-ordinators. In each state, the Agency produces a suite of reports to guide Co-ordinators in scheduling and keeping track of the accreditation process, including the accreditation status of individual homes. However, Agency staff informed the ANAO that AMI is not always reliable when reporting on support visit scheduling information. Coordinators reported to the ANAO that they manually check schedules produced from AMI against the paper files or rely on individually maintained databases to confirm the schedule.⁴⁷

⁴⁷ AMI is discussed further in Chapter 5. Recommendation No. 2 is related to AMI.

3.21 The Agency has experimented with different scheduling models. For example, in July 2002 a program of solo site support contacts in the place of desk support contacts was implemented nationally following piloting in two states. Accreditation Co-ordinators decide, on a risk management basis, when a solo site support contact may be appropriate.

3.22 A support contact database, discussed in more detail in Chapter 5, was piloted in May 2001 and used nationally from June to November 2001. The aim of the database was to track the effectiveness of support contacts in increasing compliance with the Accreditation Standards, and to provide data about the activity levels of the Agency. National office has recognised the value of the pilot program. It has informed the ANAO that it intends to examine alternative ways to effectively capture and use contact data to inform Agency activities and to more effectively target resources.

Conclusions

3.23 The ANAO concludes that, in general, the Agency manages its resources to meet its cyclical workflow, supplementing its core assessor workforce with contract assessors during peak accreditation periods. However, at the time of the audit, there were weaknesses in the Agency's budgetary practices. The Agency had limited knowledge of the costs of its accreditation activities and did not have a cost allocation methodology.

Recommendation No. 1

3.24 The ANAO recommends that the Agency ensure it has a robust system for determining and allocating the costs of its functions so that it can identify the actual cost of accreditation activities and properly inform resource planning decisions.

Agency's response

3.25 Agreed. The Agency has developed a costing model to be used to demonstrate the costs of providing accreditation, education and support services. The chart of accounts and financial reporting model has been restructured to support reporting by cost centre and function.



Residents watching television at an aged care home.⁴⁸

⁴⁸ The audit team would like to thank the residents and staff of Mirinjani Village for allowing the team to take photographs in their home.

4. Managing People

This chapter discusses the Agency's approach to managing the recruitment, skills development and performance of staff involved in the accreditation process, particularly internal and contract Quality Assessors.

Introduction

4.1 The key staff involved in the accreditation process include Quality Assessors, Accreditation Co-ordinators and the delegated decision-makers. As at 30 June 2002, the Agency employed 147 persons, 18 at national office and the remainder in the state offices. Almost half of the Agency's employees are Quality Assessors (71 at 30 June 2002).

4.2 In July 2000, the Agency produced a Human Resources Manual (HR Manual) that sets out the employment framework, including its approach to recruitment and selection, professional development and performance management.

4.3 A new General Manager—Corporate Services commenced in January 2003 and is responsible for human resource management (HRM) at national level. Prior to that appointment, HRM was devolved with each state office responsible for recruitment, selection, and professional development. In addition, in November 2002, a new General Manager—Education established a national Education Division, assuming responsibility for coordinating internal professional development for staff as well as external education for industry.

Registration and recruitment

4.4 The Principles⁴⁹ require a person to become registered as a Quality Assessor in order to conduct accreditation audits.⁵⁰ The Quality Society of Australasia (QSA) has been appointed by the Agency as the Registrar of Quality Assessors. QSA decides on applications for registration and ensures that Quality Assessors can demonstrate the necessary competencies, in line with the requirements of

⁴⁹ Part 8.

⁵⁰ Aged Care Quality Assessor registration involves five major steps, briefly:

- completion of an approved training course in Aged Care Quality Auditing (Assessment);
- submission of an application addressing key competencies;
- reference checking of the individual's application by QSA;
- interview with the Aged Care Industry Panel managed by QSA; and
- attendance at a half-day orientation workshop provided by the Agency and QSA.

Following registration, Quality Assessors complete a self-directed learning package on accreditation and the Agency approach to auditing.

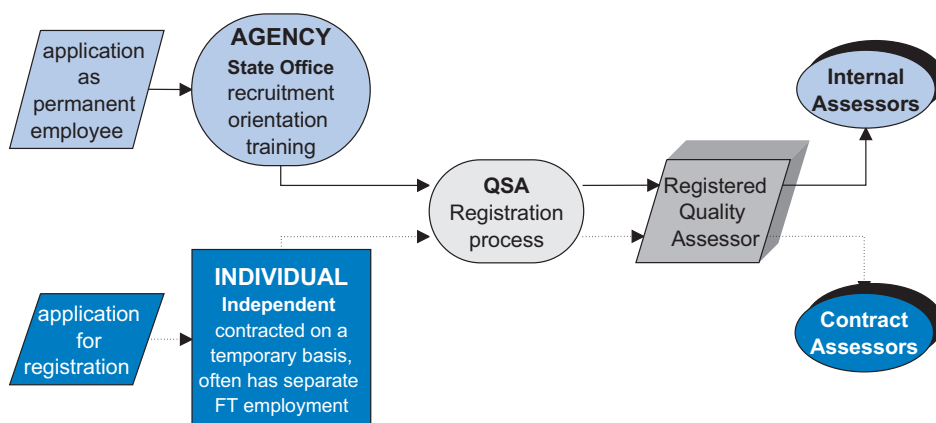
the Principles. QSA manages the agreed national curriculum; assesses and accredits training courses approved by the Agency; establishes a register of assessors; and manages the registration process.

4.5 The Agency has regular meetings with QSA. QSA also sends weekly and monthly reports to the Agency on changes to the register profile and registered assessor details. However, the Agency has stated that it will improve liaison with QSA to ensure consistency in the information provided. QSA is required to report annually against an agreed set of key performance indicators. During this audit, the contract had been in place for less than a year.

4.6 The ANAO notes that orientation material is regularly reviewed, with the last revision in April 2002. The Agency and QSA are reviewing the National Curriculum for Quality Assessors, the approved external courses accredited by QSA, and registration competencies. Preliminary discussion took place in July-August 2002. Since then, the Agency decided to redevelop the competency model for assessors, review the selection processes and review the assessment tools used by training providers. The purpose of this is to ensure that training and assessment is consistent among training providers. The Agency has advised the ANAO that this work will be completed by July 2003.

4.7 Recruitment of Quality Assessors is currently a state office responsibility. Figure 4.1 broadly outlines the recruitment process.

Figure 4.1
Recruitment process for Quality Assessors



Source: ANAO analysis.

4.8 Potential assessors are evaluated against key selection criteria through an application form, interview(s) and reference checking. The selection criteria, articulated in the Quality Assessor position descriptions, include qualifications,

experience and skills, key responsibilities and relevant performance indicators. The Agency revised these position descriptions in mid-2001 and adopted them nationally in late 2001. Position descriptions also exist for other Agency staff involved in the process, including Accreditation Co-ordinators and State Managers.

4.9 As demonstrated in Figure 4.1, assessors may be recruited as a staff member (internal assessor) or as an assessor who remains external to the organisation and is employed on a project basis (contract assessor).

Internal staff

Skills development

4.10 The Agency must be assured that assessors maintain the skills and knowledge required to effectively perform in their roles. The Agency's Human Resources Manual makes a commitment

to providing and supporting high quality skills and knowledge development in line with corporate and individual priorities.⁵¹

4.11 Upon commencement with the Agency, internal assessors attend a structured, comprehensive orientation program. This includes up to four weeks of administrative and competency-based information sessions, self-study, observation on site visits, and presentations from industry. One state office is trialling a mentoring program to support new Quality Assessors.

4.12 During the audit, responsibility for professional skills development was shared between national and state offices. The Agency developed and delivered professional development activities in one of two ways:

- nationally developed strategies (including development of content, educational material and funding for certain courses) supported and delivered by each state⁵²; or

⁵¹ Aged Care Standards and Accreditation Agency, 'Human Resources Manual', July 2000, p. 7.

⁵² Some major national training initiatives include:

- *Principles of decision-making* (2002)—all decision-makers have undertaken legal training on fundamentals of administrative law and its alignment with Agency policy, the role of Administrative Appeals Tribunal (AAT), and 'Compliance and Accreditation Standards'. The sessions were a combination of self-learning tutorials, teleconference seminars and workshops;
- *Audit methodology workshop* (July to September 2002)—informed assessors of changes to the audit process and revisions to methodology in preparation for accreditation Round 2. The Agency Audit Handbook for Quality Assessors was designed to complement the training;
- *National consistency workshop* (June 2002)—for all Agency-employed quality assessors and decision-makers;
- *National report writing manual*; and
- self-directed learning packages for contract assessors (e.g. report writing).

- state initiated and delivered activities.⁵³

4.13 In addition, internal assessors receive on-the-job development through the conduct of regular accreditation and support contact work. Internal assessors also have access to resources including: a bi-monthly *National Accreditation and Training Bulletin* (produced between June 2000 and April 2002), state-produced newsletters, Assessor Forums and monthly staff meetings that incorporate a professional development session.

4.14 The state offices collect information on staff training priorities. However, the ANAO found that the Agency is not using the data to systematically identify state and national training needs.

4.15 National office receives regular reports from the state offices on the internal training delivered to state staff. Although recognised as valuable information, the reports are currently not used for strategic planning. However, the Agency informed the ANAO that a newly created Education Division will use the information to inform national training priorities.

Performance management

4.16 The Agency's main mechanism to manage and monitor internal staff performance is a Performance Development Program (PDP). It aims to provide individuals and their managers with a structured approach to assessing and communicating performance with a focus on development. The PDP comprises a 12-month cycle with formal meetings at six-month intervals to assess performance against agreed individual objectives and how they were achieved. The Quality Assessor job description also includes formal performance measures.

4.17 The HR manual states that State Managers should retain PDP forms to identify overall learning needs. However as mentioned earlier, this is not happening systematically, with staff reporting in a recent Agency survey that they felt the information was not being used effectively.

4.18 Internal staff also receive informal performance assessment through:

- peer comments on timeliness, the quality of evidence and report writing; and
- comments raised by residential aged care homes in Feedback Questionnaires or complaints (made to QSA or the Agency), usually on an exception basis.

⁵³ Training developed by the states includes:

- job-specific skills development (for example, report writing, auditing, application of legislation, IT software); and
- knowledge relating to specific outcomes (for example, medication management, clinical care, dementia).

Contract assessors

4.19 As with internal assessors, the Agency must be assured that contract assessors maintain the skills required to satisfactorily complete their assessment contracts. While the Agency believes it is the responsibility of contractors to maintain their skills, without the appropriate guidance and support the Agency cannot be assured of the quality of their work. This applies particularly given the nature of assessment where assessors are away from the office for long periods of time and communication is essential to maintain relationships and to ensure currency of information.

4.20 To assist contract assessors, the Agency has provided them with Self-learning Packages on report writing, continuous improvement, self-assessment and on data and measurement, as well as briefings on accreditation and changes to audit methodology. All states have conducted workshops or briefings on a case-by-case basis.

4.21 Many contract assessors work in homes and, as such, are likely to develop relevant skills and knowledge as part of their regular work. However, the majority of contract assessors conduct only a few accreditation assessments per year. The Agency acknowledges that the majority of contract assessors have less accreditation experience than internal assessors. It recognises that this may result in difficult decision-making and criticisms regarding consistency. Under the Principles, the Agency must take into account possible conflicts of interest when assigning the assessment team.⁵⁴

4.22 In response to comments provided by contract assessors following accreditation Round 1, the Agency has stated that it will provide assessors with a greater level of support, including access to professional development on a state-by-state basis, performance feedback, and telephone assistance. Each state office has conducted periodic briefing sessions for contract assessors from September 2002.

4.23 In September 2002, the Agency proposed a contract assessor strategy recognising that similar skills and knowledge are needed among internal and contract assessors. The strategy for contract assessors emphasises the need for a stronger national role in co-ordinating, developing and monitoring assessor skill needs and professional standards, an agreed minimum commitment to continuing professional development and briefing sessions from state offices.

⁵⁴ Section 2.45 of the Principles states criteria for eligibility to the assessment team. For example 'the accreditation body must not include a quality assessor in the team if the assessor helped the applicant implement a quality management system for a residential care service, or for a residential care service operated by key personnel of the applicant, in the 3 years before the team is created'. They also state 'the accreditation body must not include a quality assessor in the team in the assessor has a pecuniary or other interest that could conflict with the proper audit of the applicant'.

The strategy also proposes introducing more structured performance management arrangements and nationally consistent and frequent communication.

4.24 To inform development and implementation of the strategy, the ANAO suggests that the Agency improve its collection and analysis of human resource data (for example, number of contract and internal assessors, hours worked, professional development undertaken). The ANAO found that the Agency has minimal human resource data on internal and contract assessors and consequently it has conducted only limited analysis. The Agency has little evidence to identify and therefore address differences in skills and interpretation between internal and contract assessors. In future accreditation rounds the Agency should collect evidence to identify patterns of assessment (for instance, by location, provider type, assessor status). This data should inform management decisions, improving the quality and approach to assessment and education. In addition, these data and analysis will assist the Agency in gaining assurance of the level and appropriateness of skills and knowledge held by assessors (see Recommendation No. 3, Chapter 5).

Conclusions

4.25 The ANAO concludes that, overall, the Agency's people management practices support the accreditation process. The Agency has implemented:

- a Quality Assessor registration process;
- recruitment procedures;
- skills development; and
- performance management processes

that generally result in the selection and continuing support of individuals with the appropriate skills to perform effectively in their roles.

4.26 However, the Agency needs to improve its collection and analysis of human resource data to, for example, assist it in identifying state and national training needs and differences in the skill levels of the two types of assessors.

5. Managing Information

This chapter reviews the Agency's approach to managing information, both the internal collection and use of information and the external communication and dissemination of information to its stakeholders.

Introduction

5.1 As the accreditor for almost 3000 homes, the Agency collects and stores a significant amount of valuable data on the residential aged care industry. The Agency also produces and uses information to liaise with and educate its stakeholders. For this reason, effective information management is an important element of the Agency's management of the accreditation process.

5.2 The Agency defines information management as the identification of information needs, and management of the collection, analysis and dissemination of information throughout the organisation to support business objectives.

Internal information management

Information organisation and information technology (IT) systems

5.3 The Agency's accreditation information is organised by its function and is stored in physical files and on IT systems. Each aged care residential home has a service file stored in the relevant state office. To produce aggregate information, the Agency uses a number of IT systems at state and national level to collate data and produce reports on the accreditation process.

5.4 The Agency has identified a need for a consolidated national data storage. Consequently in early 2003, it implemented a National Data Warehouse (NDW). The system is designed to enable consolidation of state office data into a single centralised collection and reporting structure, improving timeliness of data retrieval.

5.5 As part of this project, in July-August 2002, national office conducted a needs analysis and review of reports in use at the state offices. All State Managers have identified the reports they use, their priority, purpose and proposed reports they need. National office is using this information to inform development of the NDW and its capacity to meet reporting requirements and needs.

Accreditation Management Information system

5.6 AMI software developed by the Agency is a workflow management system for the management of accreditation. It was developed in mid-1999 and reflects the requirements of the Principles, Agency workflow and procedures. AMI has the capacity to store information about the history of applications and referrals against each service, produce information for standard reports and generate standard forms and letters. Many Agency policies and procedures are deployed through AMI and facilitate regulatory compliance. Legislative timeframes and the required sequencing of events are built into the system.

5.7 As part of their Agency orientation, Quality Assessors and administrative staff receive formal training in AMI that includes completion of an assessment task. Staff access AMI on their network and use different functions depending on their responsibilities.

5.8 AMI was revised in late 2001 and early 2002 to reflect changes to the accreditation procedures, the experience of accreditation Round 1, and the changes to the ratings system. However, AMI's utility and accuracy have not been systematically reviewed or evaluated to ensure that AMI adequately meets user needs. Although recognised by Agency staff as a useful and time-saving administrative tool, in ANAO interviews regarding AMI, the majority of senior staff involved in the accreditation process questioned the system's utility for management and reporting purposes. One reason given for lack of widespread use, confirmed by the ANAO, was that AMI was not kept up-to-date, with some documents not aligned to the revised process. In addition, AMI was not perceived by the majority of senior staff interviewed to be user-friendly. The absence of an enquiry screen, inflexibility, difficulty in generating reports and unreliability of data were specific issues raised in interviews.

Data quality

5.9 The Agency has identified reliability and the validity of data submitted by its state offices as an area for improvement. Factors identified that affect data reliability and validity include data entry errors and delays in data entry at state office level. The Agency is making progress towards ensuring higher standards of quality as part of its Report Development Strategy and improvements to IT capacity.

Information reporting and use

5.10 The Agency produces a variety of accreditation reports at national and state level.⁵⁵

5.11 The ANAO examined a sample of accreditation-related management reports. Most communicate a summary measurement of activity at a particular point in time; useful in presenting numerically a cross-section of processes and outputs (number of activities, decisions, time taken). Since only one full round of accreditation has been completed, the Agency has not made use of longitudinal and comparative trend analysis of accreditation data. However, the ANAO would expect the Agency to make use of accreditation data for preliminary longitudinal and comparative trend analysis following the next accreditation round. In addition, the National Data Set produced for industry, consisting of summary data on Agency staffing, assessor ratings, accreditation status and industry comments should be improved, for example by including explanatory information and highlighting significant variations, to assist industry's understanding of the data.

5.12 The Agency recognises that it should improve its use of data to review internal policies and practices. For example, although aware of the factors that may have resulted in variation in assessor ratings in Round 1, the Agency has not conducted an analysis to enable it to ascertain and therefore address causes of inconsistency. The ANAO also identified inadequacies in the Agency's human resource data (see Chapter 4).

5.13 The ANAO suggests that the Agency analyse its data to identify (and, where possible, explain) patterns of accreditation. For example, patterns by geographical location, provider type, and assessor team composition can be used to enhance the Agency's understanding of its work and improve the Agency's approach to education, assessment and the information provided to Health for policy development. Another potentially useful source of data are complaints (made to the Agency or to the Complaints Resolution Scheme).

Measuring outcomes

5.14 Performance indicators and targets are contained in the Agency's Corporate Plan, Deed of Funding Agreement and State Operational Plans. The Corporate Plan contains broad targets categorised by objective. Overall, the

⁵⁵ State offices produce a suite of regular accreditation operational reports for each State Manager. These include:

- activity reports summarising numbers of accreditation activities, support contacts, review audits and referrals conducted, budget forecast versus occurred; and
- accreditation progress reports to track timing of stages in the accreditation process against the legislated timeframes.

targets appear reasonable. They have been set against the core functions of the Agency and are measurable. The State Operational Plans contain more specific measures of success and performance indicators against the key result areas: for example, accreditation, education and information, relationship with Health, administration, and projects.

5.15 The Agency reports its performance against agreed indicators and targets in the Deed of Funding Agreement to Health and the Minister for Ageing and publicly in its Annual Report. The indicators that specifically relate to accreditation, as reported in the Agency’s 2001–02 Annual Report, are shown in Table 5.1.

Table 5.1
Agency’s performance indicators for accreditation

Indicator	Target 2001–2002	Result of the Period 1 July 2001–30 June 2002
Accreditation audits	100% of all applications for accreditation audits conducted within statutory timeframe.	Accreditation decisions were made within the legislated timeframe for 100% of applications received.
Schedule of support contacts	Schedule of support contacts established for all accredited services.	It is Agency policy that every accredited home receives at least one site support contact during its accredited period. Poorly performing homes necessarily require more than one visit. Visits to homes with significant non-compliance or serious risk are coordinated with visits by authorised Commonwealth officers. During the reporting period, there were 3653 support contacts with homes, of which 2897 were visits.
Contacts with services	Contacts conducted to include: <ul style="list-style-type: none"> ▪ accreditation site visits as required; ▪ up to 2800 support contacts; ▪ up to 320 review audits; and ▪ at least 200 spot checks, 	<ul style="list-style-type: none"> ▪ 205 accreditation audits; ▪ 3653 support contacts; ▪ 86 review audits; and ▪ 449 spot checks.

Source: Aged Care Standards and Accreditation Agency Ltd 2002, *Annual Report 2001–02*, Aged Care Standards and Accreditation Agency Ltd, Parramatta, p. 15.

5.16 The ANAO found that, on the whole, the Agency's accreditation-related performance indicators are focused on the outputs and efficiency of the accreditation process. However, one of the Agency's objectives, described in its Corporate Plan, is to 'enhance quality of life for residents'. While a number of factors and entities contribute to the quality of care provided to residents, the Agency does not yet have a way to assess the outcome of its accreditation and monitoring work on the residential aged care industry. The Agency has only limited information that suggests that standards of care have improved since the 1997 reforms.

5.17 Similarly, the Agency is unable to measure if and how it is achieving its vision that 'individuals enjoy quality care and services provided by an aged care industry that is setting world benchmarks'⁵⁶ as the Agency has not conducted any international benchmarking.

5.18 The ANAO acknowledges that, as a relatively new organisation with only one cycle of accreditation completed, comprehensive longitudinal and comparative data on the performance of industry cannot be realistically expected at this time. The Agency recognises that the majority of data it collects about the accreditation process is efficiency orientated. The ANAO suggests that the Agency develop indicators to measure and demonstrate sustainable improvements across the industry and over time. This report contains a recommendation for the Agency and Health to plan an evaluation of the impact of accreditation on the quality of care. Agency data will be an invaluable component of the subsequent evaluation.

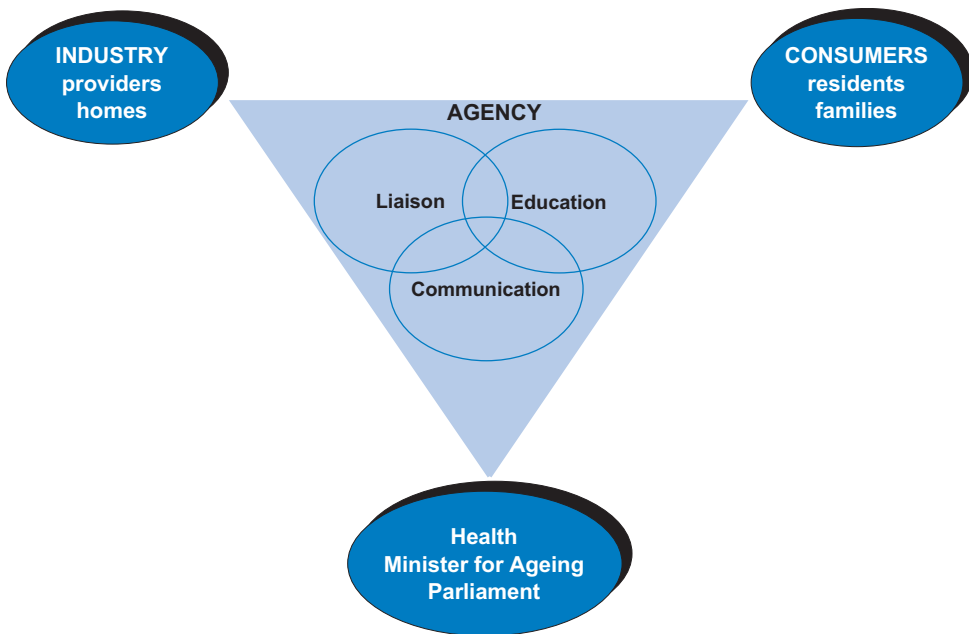
5.19 One activity the Agency piloted to address the absence of outcome data, was a support contact activity database. One state office developed a database in May 2001 to capture qualitative data on the performance of homes over time. The aim was to track how effective support contacts are in increasing compliance with the Accreditation Standards. Assessors were required to complete a questionnaire identifying a home's progress in implementing improvements, compliance history, and time spent on education. The database was piloted nationally from June to November 2001. However, since then, data collection has ceased nationally, with state offices deciding individually whether to continue using the system. National office has recognised the value of the pilot, and has informed the ANAO that it intends to examine possible approaches to capture and use accreditation data to inform Agency activities.

⁵⁶ Aged Care Standards and Accreditation Agency Ltd, 'Corporate Plan June 2001 to July 2004', p. 2.

External information management

5.20 The Agency produces and uses information to liaise with and educate its stakeholders. Stakeholders fall into three broad categories, illustrated in Figure 5.1.

Figure 5.1
Agency Stakeholders



Source: ANAO.

5.21 An important aspect of the Agency's work is to provide to its stakeholders accurate, accessible and useful information on its role and the accreditation process. The Agency's 2001–2004 Corporate Plan states that two of its objectives are 'to ensure communication with all stakeholders is effective and meets their needs' and to 'provide information and educational material to service providers that will assist them to continuously improve services to residents'.⁵⁷ This enables residents, homes and the wider community to have realistic expectations of the role and functions of the Agency and accreditation. In addition, providing information about the quality of care in homes enables consumers to make better-informed choices regarding residential care options.

5.22 The Agency's Corporate Plan also states that it will develop a communication plan for each stakeholder. At the time of the audit, no such plan existed. The ANAO notes that individual knowledge and effort has contributed

⁵⁷ Aged Care Standards and Accreditation Agency Ltd, 'Corporate Plan June 2001 to July 2004', p. 7.

to the establishment of communication procedures. A documented national communication plan would assist the Agency to consolidate existing practices; ensure future communication with stakeholders is effective; and facilitate succession planning and retention of corporate knowledge. In April 2003, the Agency informed the ANAO that it has developed a communication plan as part of its latest Corporate Plan.

The Agency's educative role

5.23 Under Part 6 of the Principles, the Agency is required to 'promote and encourage quality care in residential care services'. As part of this responsibility, the Agency is expected to provide information, education, training and support for residential care services. The Agency has stated that, because of the need to accredit homes by 1 January 2001, which was the legislated deadline, its focus was initially on regulation rather than education. Until mid-2002 its education approach was restricted to encouraging minimum level compliance by homes with the Accreditation Standards. The Agency recognises that it is now in a position to give a higher priority to its education responsibilities and expand activities. As the Minister for Ageing foreshadowed in June 2002, the Agency has created a new Education Division to work directly with homes and provide education to improve the quality of care.

5.24 To obtain information on industry needs, during the latter part of 2002 the Agency held discussions with all members of the National Agency Liaison Group⁵⁸ and considered issues raised in the Lessons Learned Report⁵⁹, advice from national information sessions, and non-compliance data. There are also plans to utilise information from the higher ratings awards⁶⁰ to identify industry best practice.

5.25 In April 2001, the Agency drafted an Education and Training Plan. The plan was revised and re-costed in August 2002. In light of recent CEO and General Manager appointments, the plan will be reviewed. The ANAO suggests that the Agency finalise and adopt the Education and Training Plan as a matter of priority, ensuring fulfilment of its legislative requirement to provide information, education, training and support to residential care services.

5.26 In ANAO fieldwork, some industry representatives expressed concern over the dual role of the Agency as accreditor and educator. For example, some homes are concerned about the consequences of education staff identifying and

⁵⁸ The National Agency Liaison Group is discussed further in paragraphs 5.40–5.41.

⁵⁹ *Report of the Lessons Learned from Accreditation: Working Group of the National Aged Care Forum*, Commonwealth of Australia, September 2002.

⁶⁰ Under the higher ratings awards scheme, highly performing homes may apply for either 'accreditation with merit' or 'commendable'. The scheme was introduced for accreditation Round 2.

reporting indications of non-compliance to accreditation staff. Specifically, homes expressed a reluctance to approach the Agency for education assistance for fear of regulatory consequences. Conversely, other homes are receptive to the education role and appreciative of the opportunity to interact with, and learn from, Agency staff in another forum.

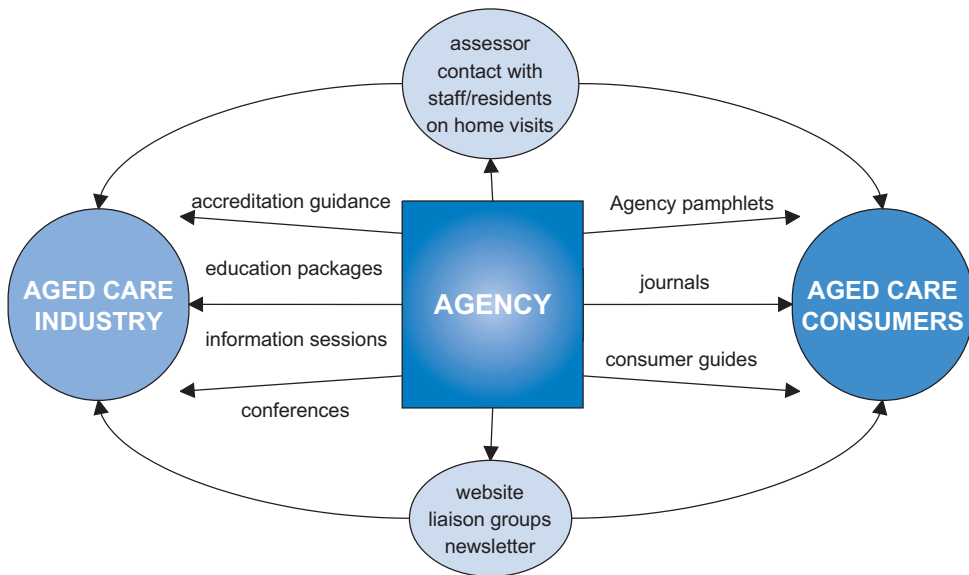
5.27 The potential tension between the Agency’s dual roles of accreditor and educator, and the response from some parts of the aged care industry, is a risk that the Agency must continue to manage. This is not unlike the position that many regulators face in ensuring their stakeholders clearly understand, and meet, all requirements.

Methods of education and communication

5.28 The Agency employs a number of mechanisms to communicate with and educate its stakeholders (Figure 5.2 outlines the main approaches and the following sections discuss them in more detail).

Figure 5.2

Methods of education and communication



Source: ANAO.

Accreditation guidance

5.29 As discussed in Chapter 2, the Agency produces material to assist homes to apply for and participate in accreditation, namely an Accreditation Guide, Self-assessment Tool and Application.

Education Packages

5.30 The Agency has published three education packages on Continuous Improvement, Self Assessment and Data and Measurement. Training materials complement the packages, to allow services to present the information to their staff. In audit interviews, the education packages were acknowledged as useful. However, some homes expressed a preference for an interactive approach to education.

Information sessions and conferences

5.31 The Agency also provides information to homes and peak bodies through presentations, workshops, and by displaying and speaking at industry conferences.

5.32 In Round 1, the Agency presented information sessions across Australia (including a satellite broadcast) to inform industry of the accreditation process and the use of Agency documentation. In Round 2, state offices delivered group education sessions to approved providers and/or peak bodies, either by request or by location. More targeted training has been provided by some state offices, specifically for services whose performance against the Standards has not been maintained.

5.33 During June-July 2002, the Agency participated in a national information session, the 'roadshow', *Commonwealth-funded Residential Aged Care; How It Works*. It was initiated in recognition of a need to promote a better understanding of the roles and functions of the different parties involved in the regulation of residential aged care—the Agency, Health and the Office of the Commissioner for Complaints. It comprised information sessions at 17 towns and cities across the country. An information package was distributed along with a self-completion questionnaire to collect information on industry perceptions of the utility of the 'roadshow' and aged care education needs. The Agency is using the information collected to inform national priorities for industry education.

5.34 The ANAO found that there was a degree of misunderstanding in industry regarding the roles of the Agency and Health, and sees the 'roadshow' as a step towards clarifying these roles. Ninety per cent of persons completing satisfaction surveys after attending the 'roadshow' (534 of approximately 1300 attendees completed surveys) rated the 'roadshow' as satisfactory to excellent.

Education during home visits

5.35 Quality Assessors interact with a home's staff and residents during site audits and support contacts. Assessors may take this opportunity to explain and distribute leaflets about the Agency and the accreditation process to residents

and their relatives. Assessors may also spend a proportion of time educating homes. The nature and content of the education depends on the assessment team and their findings, but topics such as continuous improvement are an example of content.

*Agency web site*⁶¹

5.36 The Agency uses the Internet as a means of communicating its role, functions and accreditation findings. It provides information on its web site to residents on how to take part in accreditation and material to assist industry in participating in accreditation.

5.37 All site audit reports, review audit reports, executive summaries and decisions are published on the Agency's web site.⁶² This publicly available information allows consumers and other interested parties to become informed about accreditation findings and the status of individual homes. In the past, industry representatives expressed the opinion that in some cases the evidence published may be perceived as penultimate and sometimes inaccurate. The Site Audit Report presents findings at the time of audit. The home may have made improvements since then. Similarly, homes have the right to respond to the findings of a site audit. A home's submission is taken into account by Agency decision-makers but is not available on the web site. This may result in the site audit report recommendation differing from the final accreditation decision, a distinction that is not always clear to readers.

5.38 In response to some of these concerns, the Agency introduced a new format for reports for applications received after May 2002. The revised format sets out:

- the Agency's accreditation decision;
- a brief summary of reasons for the decision; and
- the assessment team's report (i.e., Site Audit Report), including an executive summary, detailed findings and the team's recommendations.

5.39 The ANAO suggests that the Agency evaluate the success of the new format for reports published on its web site to ensure it has adequately addressed industry concerns and that the new format meets user needs. The Agency has informed the ANAO that it plans to introduce a publishing policy during April 2003 that will ensure reports on the web site present a more complete picture of the service.

⁶¹ Aged Care Standards and Accreditation Agency Ltd 2002, viewed 9 January 2003, <www.accreditation.aust.com>.

⁶² Part 9 of the Accreditation Grant Principles states that the Agency must publish the accreditation decision and executive summary of Site Audit Report within 28 days of the end of a reconsideration period. The full audit report must be made available to anyone who requests a copy.

Stakeholder liaison groups

5.40 The Agency's principal mechanism for industry liaison is via Agency Liaison Groups (ALGs). There are nine ALGs: a National ALG plus one for each of the states/territories. Three Board Directors have direct involvement with the National ALG and members are drawn from stakeholder groups including the peak bodies, consumer and advocacy groups, representatives from the larger service providers and union organisations. The Agency has commented that the group may not be completely representative of smaller homes and providers, especially those from rural or regional areas.

5.41 To ensure that the National ALG is the principal mechanism and reference group for the Agency's liaison with the aged care sector, new terms of reference were finalised in July 2002. The new terms of reference aim to ensure the viewpoints of all stakeholders are known and considered by the Agency, providing suggestions on issues arising from Agency operations and proposed changes to processes. The National ALG is also used as a means to release a National Data Set to industry.

Agency newsletter

5.42 The Agency publishes a quarterly newsletter, *The Standard*, for aged care service providers and homes. The newsletter is a means to keep homes up-to-date with changes to the process; share better practice; and promote knowledge sharing on issues relating to the Accreditation Standards. It is available on the web site and is distributed to homes and various interested individuals and stakeholders. In the past, particularly during the peak workflow of Round 1, there was irregular production of the newsletter.

Agency pamphlets, journals and consumer guides

5.43 General information about accreditation and the role of the Agency is provided through contributions to journals and advertising in consumer guides. The Agency also provides three national pamphlets for stakeholders.⁶³ In recognition of the need to better inform consumers, the Agency has made a commitment to develop and distribute an information package for consumers.

⁶³ The three national pamphlets are:

- *A message to residents and their families from the Aged Care Standards and Accreditation Agency;*
- *Standards and Outcomes for Residential Aged Care Services;* and
- *How you can participate in Quality Management for residential aged care services.*

Industry perceptions

5.44 The ANAO found, in interviews with a selection of stakeholders, that industry reception to the Agency's communication and education strategies was mixed. For example, industry would like more specific information on how to achieve compliance against the outcomes under the Accreditation Standards. The Agency has provided general guidance that does not prescribe specific activities. This is in line with the Standards that aim to provide 'opportunities to pursue quality in ways that best suit the characteristics of each individual residential care service and the needs of its residents'.⁶⁴ In developing a communication plan, the Agency must evaluate the effectiveness of currently used education and communication mechanisms.

Information exchange with Health

5.45 As discussed in Chapter 1, Health plays an important role in the residential aged care arena, with regular communication and information flow between the two parties. As such, Health and the Agency finalised national protocols in July 2002 to formalise arrangements for:

- data exchange in relation to accreditation activity and outcomes; and
- the referral process, and how compliance monitoring and compliance action will be undertaken (including referrals from the Complaints Resolution Scheme).

5.46 The Agency informed the ANAO that, while the protocols represent current practice, they are 'living' documents in the sense that both parties will constantly look at better ways to streamline activities. A summary of the compliance protocol is to be published on the web site in early 2003.

Other residential aged care regulators

5.47 Various levels of government—Commonwealth, state/territory and local—have the authority to legislate and regulate residential aged care. In the past, for example, the Commonwealth provided finance, states licensed services and local government regulated building standards.

5.48 In recent years, all states, with the exception of NSW, have reduced their regulatory role of residential aged care homes. The NSW government is currently reviewing its role. In an attempt to minimise duplication, the Agency and NSW Department of Health have quarterly meetings. The state department is a member of the NSW Agency Liaison Group.

⁶⁴ Quality of Care Principles 1997, section 18.9 (1).

Conclusions

5.49 The ANAO concludes that the Agency's management of information would be enhanced by:

- systematically reviewing or evaluating the workflow management system (AMI) to ensure it meets user needs;
- improving analysis and presentation of accreditation data; and
- implementing performance indicators and targets that assist in assessing the effectiveness of its management of the accreditation process.

Recommendation No. 2

5.50 The ANAO recommends that the Agency review the Accreditation Management Information system to ensure that it meets user needs and achieves its objective to facilitate effective management of the accreditation process.

Agency's response

5.51 Agreed. The AMI system was introduced as a workflow management system. Since its introduction there have been two major version changes and 27 system changes in an attempt to upgrade its capability and functionality.

5.52 The Agency plans a major review of its IT requirements over the next 12 months. The review will cover both management information needs and workflow management.

Recommendation No. 3

5.53 The ANAO recommends that the Agency implement a suitable system to analyse the accreditation process and use the results to identify improvements to the process.

Agency's response

5.54 Agreed. This work will commence toward the end of Round 2 accreditation when resources become available. The methodology that was used to review Round 1 processes and make changes for Round 2 will be utilised for this review.

Recommendation No. 4

5.55 The ANAO recommends that the Agency implement suitable performance indicators to assist in assessing the internal effectiveness of management of the accreditation process.

Agency's response

5.56 Agreed. The Agency will measure the internal effectiveness of the management of the process by the introduction of the cost allocation model and quality assurance processes.

Recommendation No. 5

5.57 The ANAO recommends that the Agency and Health plan an evaluation of the impact of accreditation on the quality of care in the residential care industry.

Agency's response

5.58 Agreed.

Health's response

5.59 Agreed. The department supports the plan to evaluate the impact of accreditation on the quality of care in the residential care industry. The department will work with the Aged Care Standards and Accreditation Agency on the development of a plan for the evaluation. Feedback from the sector will also be important in developing any plan for the evaluation.

6. Improving Quality and Consistency

This chapter discusses the Agency's initiatives to enhance the quality and consistency of the accreditation process.

Introduction

6.1 As described earlier, a core Agency function is the accreditation of residential aged care homes against the Accreditation Standards. Section 18.9 of the Quality of Care Principles states:

The Accreditation Standards are intended to provide a structured approach to the management of quality and represent clear statements of performance. They do not provide an instruction or recipe for satisfying expectations but, rather, opportunities to pursue quality in ways that best suit the characteristics of each individual residential care service and the needs of its residents. It is not expected that all residential care services should respond to a standard in the same way.

6.2 A challenge for the Agency is to ensure, as far as possible, consistency in the accreditation process, including observations, reporting and decision-making.

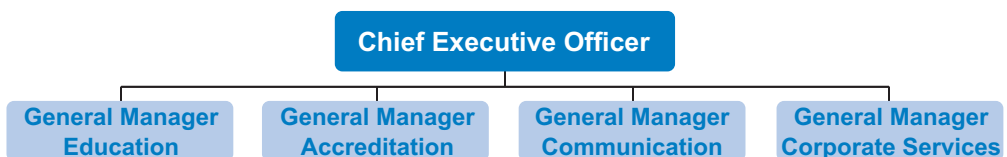
Centralisation

6.3 Since its inception, the Agency has, in effect, operated as five state-based businesses with common functions such as human resource management and information technology, as well as day-to-day operations devolved to the states.

6.4 The Agency's national office restructured in late 2002, with the creation of four General Manager positions reporting to the CEO, as shown below. State Managers report to the General Manager—Accreditation and have an indirect relationship with the other General Managers.

Figure 6.1

Agency structure—executive



6.5 The new structure will centralise the Agency's operations. The Agency expects that centralisation will promote consistency and enhance the efficient use of resources.

Round one—variations in consistency?

6.6 In ANAO interviews and submissions to the Lessons Learned from Accreditation Working Group, peak bodies and industry representatives expressed concern over auditing processes and differences in the approach, experience, expertise and knowledge of assessors during the first round of accreditation. These factors are considered by them to have contributed to an inconsistent interpretation of the Accreditation Standards and inconsistent application of rating results during the first round of accreditation.

6.7 Table 6.1 below shows assessor ratings from accreditation Round 1.

Table 6.1

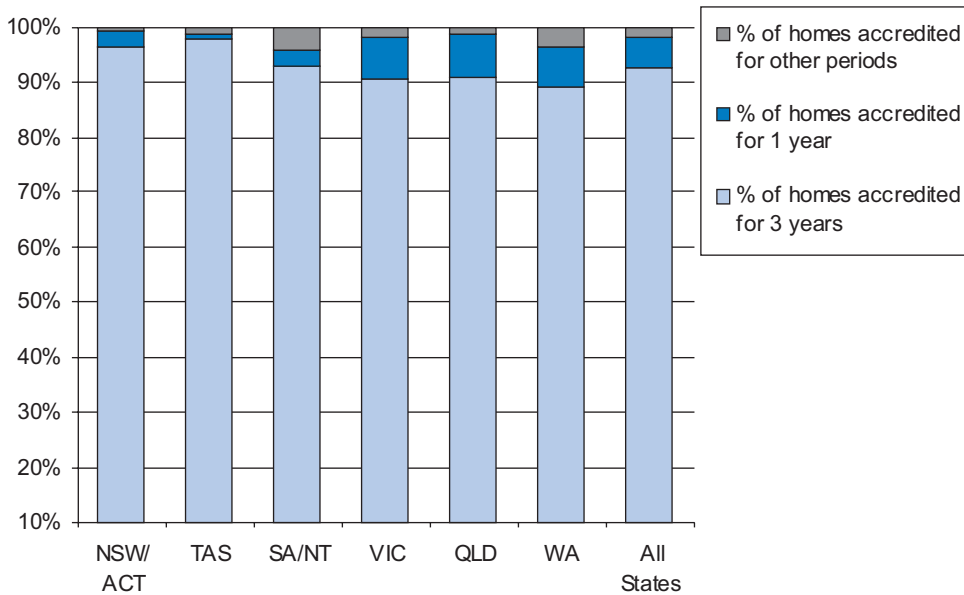
Compliance with the Accreditation Standards—ratings given by assessors, by state, as at 30 June 2001

	Commendable (%)	Satisfactory (%)	Unacceptable (%)	Critical (%)	Total (%)
NSW/ACT	19.3	78.8	1.7	0.2	100
TAS	10.2	89.0	0.8	0.0	100
SA/NT	6.9	91.0	2.0	0.1	100
VIC	5.4	92.2	2.1	0.3	100
QLD	2.3	94.2	2.9	0.6	100
WA	0.4	98.5	1.1	0.0	100

Note: n = 2905

Source: ANAO analysis of Aged Care Standards and Accreditation Agency Ltd's National Dataset, 30 June 2001.

6.8 Figure 6.2 illustrates accreditation periods awarded as a result of Round 1 assessment.

Figure 6.2**Accreditation period, by state, as at 30 June 2001**

Note: n = 2948

Source: ANAO analysis of Aged Care Standards and Accreditation Agency Ltd's National Dataset, 30 June 2001.

6.9 As demonstrated by the figures above, the greatest variation occurred in the ratings awarded by assessors, particularly the percentage of commendable ratings in individual states—19.3 per cent in New South Wales/Australian Capital Territory compared with 0.4 per cent in Western Australia and 9.3 per cent across all states. There was less variation in the length of accreditation period from state to state with, for example, 98 per cent of homes in Tasmania accredited for three years compared with 89 per cent in Western Australia.

6.10 The Agency has performed limited analysis of the results of the first round of accreditation to identify the reasons for the variation in ratings or determine whether the variation is reasonable. It is not possible for the Agency or the ANAO to determine, from the limited data available, the causes of rating variability across states. The differences may be related to a number of reasons including:

- different state environments and regulatory systems;
- the performance and quality of individual homes;
- the extent of approved provider knowledge of accreditation;
- guidance provided to approved providers; and/or
- skills or experience of assessors.

6.11 To enhance consistency where feasible, and to identify opportunities to improve the accreditation process, the Agency should analyse the results of accreditation rounds. Data analysis is discussed in greater detail in Chapter 5 and results in an audit recommendation (Recommendation No.3).

6.12 As explained in Chapter 1, for applications for the second round of accreditation due after 1 May 2002, a revised accreditation rating system applies. A home's performance against each of the Expected Outcomes will be rated as 'compliant', 'non-compliant', or 'non-compliant with serious risk' if a serious risk to residents' health, safety or wellbeing is identified. A beneficial effect of the move to a simplified ratings system would be a reduction in the possibility of inconsistent assessor ratings.

Reconsiderations and appeals

6.13 The Principles⁶⁵ describe the appeal options available to providers. Subject to certain conditions specified in the Principles, an approved provider may request that the Agency reconsider a decision. If still dissatisfied, the provider can appeal to the Administrative Appeals Tribunal (AAT) for an independent review of the decision.

6.14 Between September 1999 and September 2002, the Agency received 65 requests for reconsideration. This represents less than two percent of the total number of decisions. Table 6.2 shows reconsiderations by type.

Table 6.2

Agency reconsiderations, 1 September 1999 to 30 September 2002

Type of reconsideration sought	Received	Withdrawn	Reconsidered
Period of accreditation	29	0	29
Decision not to accredit	22	5	17
Decision to vary accreditation period after review audit	10	1	9
Decision to revoke accreditation after a review audit	3	0	3
Other issues listed in the Principles	1	0	1
Total	65	6	59

Source: ANAO analysis of Aged Care Standards and Accreditation Agency Ltd's data.

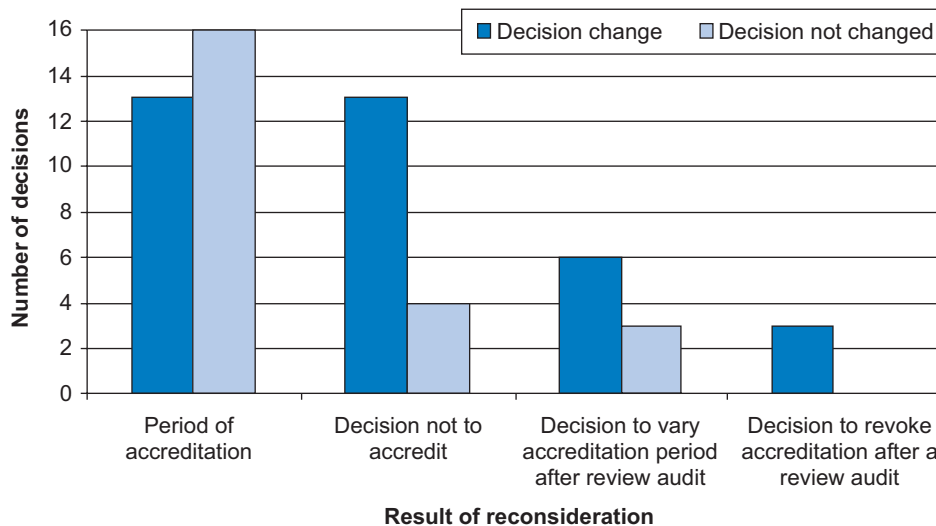
6.15 When reconsidering decisions, additional information, such as a submission from the approved provider and information from any subsequent support contacts, is available to the Agency. In total, 60 per cent of

⁶⁵ Part 2 (Subdivision 5) and Part 7.

reconsiderations (35 decisions, representing one per cent of the total number of decisions) resulted in a change to the original decision. Figure 6.3 illustrates the outcome of reconsiderations.

Figure 6.3

Results of Agency reconsiderations of accreditation decisions, 1 September 1999 to 30 September 2002



Source: ANAO analysis of Aged Care Standards and Accreditation Agency Ltd's data.

6.16 Until the end of June 2002, 10 appeals had been made to the AAT, of which four were withdrawn because they were outside AAT's jurisdiction. Of the six remaining, four were withdrawn/dismissed, one was settled by consent and one is pending. Sanctions imposed by Health are also reviewable by the AAT.

Enhancing quality and consistency

6.17 The Agency has acknowledged that consistency is an important matter and has adopted a number of initiatives to enhance consistency in assessor ratings and decision-making, while pointing out that some degree of variability is inevitable when assessing against the non-prescriptive Accreditation Standards.

6.18 These initiatives, discussed in more detail below, include:

- automated process checklists and document control;
- report co-ordinators;
- limiting the number of decision makers;
- stakeholder comments—Feedback Questionnaires and complaints handling;

- external accreditation; and
- training and guidance for assessors and decision-makers.

6.19 In addition, support contacts⁶⁶ are a means of testing and verifying the correctness of individual decisions. The reconsiderations and appeals mechanisms discussed above provide a means for approved providers to challenge decisions.

Process checklists and document control

6.20 Process and deadline checklists were used during accreditation Round 1 to facilitate compliance with the legislation, particularly the requirements of the Principles. With the introduction of the Agency's Accreditation Management Information system, the checklists have been automated and standardised nationally. If used correctly, the checklists ensure that the accreditation procedures, as defined in the Principles, are followed and that legislated timelines are met.

6.21 In early 2002, the Agency's national office introduced a document control system to ensure consistency and introduce a central reference point for policy, procedural and key Agency documents.

Report co-ordinators

6.22 Following an accreditation audit, the assessment team writes the Site Audit Report. Prior to submitting the Site Audit Report to the Agency, the team may employ a report co-ordinator. The role of the report co-ordinator is to check the quality of evidence and the quality, clarity and consistency of reports prior to finalisation. Each state office has an allocation within its budget for a report co-ordinator.

6.23 In interviews with the ANAO, assessors stated that the use of the report co-ordinator was time efficient and had enhanced the quality of their audit reports. Following the recent audit methodology training for assessors, a report co-ordinator, interviewed by the ANAO, stated that she had observed an improvement in the quality of assessor reports.

Decision-making

6.24 During Round 1, there were five decision-makers across Australia—the five State Managers. Due to the volume of work in Round 1, particularly in the

⁶⁶ Support contacts are the means by which the Agency reviews how a service is continuing to comply with the Accreditation Standards and to achieve continuous improvement during its accreditation period. It can be a desk review or a site visit.

larger states of New South Wales and Victoria where two decision-makers made over half the total accreditation decisions, the number of decision-makers was increased in mid-2000 to include the seven Accreditation Co-ordinators.

6.25 The Agency affirms that the decision-makers fulfil a quality control role. Individual decision-makers are responsible for a large number of homes. Therefore, they are in a position to check the consistency of assessor interpretation and application of the Standards and to ensure that the decisions, while being merit-based, are consistent. The risk for the Agency is that the accuracy and quality of assessor findings and reports, upon which decision-makers base their decisions, will be inconsistent. The decision-makers must manage this risk, which increases during peak periods when the volume of work increases.

6.26 During the early stages of accreditation Round 1 the Agency had a quality assurance system in place for accreditation decision-making. The system involved circulating two reports from each state per month to other state managers for review. The system was abandoned by the Agency because it was not an effective tool, and because of increasing volume of work associated with Round 1. It has not been reinstated. The ANAO suggests that the Agency establish a system that provides assurance about the Agency's approach to reporting and decision-making. Such a system can also be used to inform training and improvements to the accreditation process.

Stakeholder's comments

6.27 To verify the quality of service provided and identify opportunities for improvement, an organisation requires information from its stakeholders on their needs and expectations, and their perceptions of the organisation's performance. Systems for obtaining stakeholders' comments are important mechanisms for obtaining such information.

Feedback Questionnaires

6.28 The Agency uses several questionnaires to collect information from service providers.⁶⁷ Feedback Questionnaires received from homes following Round 1 site audits revealed high levels of satisfaction, with approximately 90 per cent of homes agreeing or strongly agreeing that the site audit was a satisfying and

⁶⁷ Feedback Questionnaires include:

- Accreditation Site Audit Feedback Questionnaire;
- Site Audit Report Feedback Questionnaire;
- Review Audit Feedback Questionnaire;
- Review Audit Report Feedback Questionnaire; and
- Support Contact (Site) Feedback Questionnaire.

useful experience. Over 90 per cent reported satisfaction with the Site Audit Report.⁶⁸

6.29 Use of the questionnaires is governed by a Protocol contained in the *Accreditation Procedures*. The protocols state that the information collected by the questionnaires is collated for reporting purposes and ‘will be used to continuously improve the Agency’s processes for providing future information and training sessions’.⁶⁹

6.30 In practice, the Agency’s analysis of the completed questionnaires involves listing the qualitative comments verbatim and aggregating the statistics at a state and national level. The results are occasionally reviewed by individual states to identify generic training needs, such as time or stress management. A summary of the results is published in the Agency’s annual report. The 2001–02 Annual Report notes very high levels of satisfaction with site audits, site audit reports and support contact (site) visits—over 90 per cent in all cases. However, on the whole, the results of the analysis are not used by the Agency in a systematic manner to identify trends or opportunities for continuous improvement of the accreditation process.

6.31 The Agency is now reviewing the questionnaires, recognising that the current surveys are not specific or detailed enough and the data produced may no longer be relevant to, or meet, the Agency’s needs. The review will examine the Agency’s method of collecting stakeholder comments.

Handling complaints

6.32 The Agency’s *Policy Manual* contains a draft Comment and Complaint Policy. The purpose of the policy is to provide a means through which stakeholders may comment or complain about certain aspects of the Agency’s operations. The draft policy states that the information produced from the comment and complaint procedures will be used to improve the quality of all services provided by the Agency. The policy further states that ‘information from comments and complaints received will be collected and analysed to enable categorisation of complaints and trends to be identified and acted on through the continuous improvement procedure’. Mechanisms for reviewing client satisfaction with the complaint process are included in the policy.

6.33 Until December 2002, state offices addressed complaints and comments. Since that time, all complaints and comments have been referred to the Agency’s Chief Executive Officer. They are not analysed in such a way as to allow the

⁶⁸ The Site Audit Report describe the accreditation team’s assessment of a service against the Accreditation Standards.

⁶⁹ Protocol regarding Accreditation Site Audit Feedback Questionnaire, Accred C2.6(a), ‘Accreditation Procedures’.

systematic identification of trends or the identification of opportunities for continuous improvement.

6.34 To take advantage of the opportunities provided by comments from providers and other stakeholders, the ANAO suggests that the Agency finalise and implement the Feedback Questionnaires and Comment and Complaint Policy and ensure that, in future, comments are analysed systematically to identify trends and opportunities to improve the accreditation process. In addition to complaints received directly, the Agency should also analyse complaints data from the Complaints Resolution Scheme.

External quality industry audit

6.35 A condition of the Agency's Deed of Funding Agreement with Health is that its processes and procedures are subject to a quality industry audit.⁷⁰ This involves an evaluation, by an independent organisation, of the Agency's management and procedures against accepted principles and standards to ensure that the Agency is operating effectively. The Agency, with the assistance of a consultant, has evaluated several auditing systems. The Agency has considered alternatives and will issue a request for expressions of interest in March 2003.

Training and guidance

6.36 The Agency has enhanced its training of assessors and decision-makers, focusing on consistency and improved guidance, as discussed in greater detail in Chapter 4.

6.37 In conjunction with the training, the Agency has developed a number of guides to assist assessors and decision-makers. *The Agency Audit Handbook for Quality Assessors* (the Audit Handbook) was released in June 2002 to guide Quality Assessors in conducting audits. The Agency states, in the introduction to the Audit Handbook, that it is 'one mechanism that the Agency uses to improve consistency in approach'.⁷¹ Assessors interviewed by the ANAO provided very positive comments on the training received for the second round of accreditation and the Audit Handbook.

6.38 A project to enhance consistency in ratings against the Standards commenced during the latter part of 2001. The project establishes a framework around the Expected Outcomes, focusing on assisting assessors to understand the expected accreditation Expected Outcomes, the types of processes that may

⁷⁰ Deed of Funding Agreement between the Commonwealth of Australia, as represented by the Department of Health and Aged Care, and the Aged Care Standards and Accreditation Agency Ltd, September 2001, Schedule A, Part E.

⁷¹ Aged Care Standards and Accreditation Agency Ltd, 2002, *The Agency Audit Handbook for Quality Assessors*, Aged Care Standards and Accreditation Agency Ltd, Parramatta, p. 3.

achieve those Expected Outcomes, and the expected results of those processes. A draft manual, *Results and Processes in Relation to the Expected Outcomes of the Accreditation Standards*, is being finalised in light of the comments of internal assessors. The final version of the manual, which complements the Audit Handbook, has been tested and will be available from the Agency web site during March 2003.

Conclusions

6.39 The ANAO concludes that the Agency has enhanced the quality of the accreditation process by implementing a number of quality control and assurance mechanisms. However, the Agency has not documented its existing mechanisms nor systematically reviewed its quality assurance procedures to ensure that they are, and remain, robust, and that they provide the Agency with assurance that its management of the accreditation process is effective.

Recommendation No. 6

6.40 The ANAO recommends that the Agency review its quality mechanisms to ensure that it has a robust, well-documented quality assurance system that supports high quality and consistent assessment outcomes and related decision-making.

Agency's response

6.41 Agreed. The Agency has commenced upgrading the assessment and decision-making processes by reviewing the training and selection of assessors.

6.42 The centralising of some decisions and the creation of a central quality assurance group will upgrade the quality assurance processes.

Canberra ACT
7 May 2003



P. J. Barrett
Auditor-General

Appendices

Appendix 1

Glossary

The following glossary is largely based on definitions contained in *Accreditation Guide for Residential Aged Care Services*.⁷²

Accountability Principles 1998	Contains provisions relating to access to aged care facilities.
accreditation	The process an aged care home must go through to become accredited by the Agency. The process briefly consists of the home making an application; desk and site audits by the Agency; a decision by the Agency about accreditation; and a published report. A home must satisfy the Agency that it complies with the Accreditation Standards and other responsibilities under the <i>Aged Care Act 1997</i> .
Accreditation Grant Principles 1999	Contain the procedures to be followed and matters to be taken into account by the Agency during the accreditation process.
accreditation period	The period of time for which a accreditation is granted, based on a home's compliance with the Accreditation Standards, undertaking of continuous improvement and other responsibilities under the <i>Aged Care Act 1997</i> .
<i>Aged Care Act 1997</i>	Umbrella legislation for aged care in Australia, providing the framework for aged care funding, the administration of Commonwealth-funded aged care, and the obligations of providers of aged care in Australia.
Accreditation Standards (the Standards)	The four Accreditation Standards comprising the four principles and 44 Expected Outcomes that form the basis for accreditation assessments. Detailed in the <i>Quality of Care Principles 1997</i> .
approved provider	The person or body approved by the Secretary of the Department of Health and Ageing as a provider of residential aged care.

⁷² Aged Care Standards and Accreditation Agency Ltd 2001, *Accreditation Guide for Residential Aged Care Services*, Aged Care Standards and Accreditation Agency Ltd, Parramatta, Appendix 2.

desk audit (report)	The preliminary step in the accreditation process after the Agency has determined an application for accreditation to be valid. The assessment team does an off-site review of the application. A report by the assessment team recommends whether to proceed to site audit.
higher ratings awards	Two levels of recognition for those homes whose performance consistently provides superior care and services for residents.
home	For the purposes of this report, a residential aged care home.
hostel and nursing home	<p><i>Hostel</i> means premises:</p> <ul style="list-style-type: none"> (a) that are fitted, furnished and equipped for the purpose of providing: <ul style="list-style-type: none"> (i) relevant care services for persons who, by reason of age or disability, have a need for such services; and (ii) accommodation for persons who reside with the first mentioned persons; and (b) in which such persons are accommodated exclusively for the purpose of receiving such services or accommodation, as the case may be; <p>but does not include:</p> <ul style="list-style-type: none"> (c) a hospital; (d) a nursing home within the meaning of the <i>National Health Act 1953</i> or the <i>Nursing Homes Assistance Act 1974</i>; (e) an institution carried on exclusively or primarily for the treatment of mentally ill or mentally defective persons, being an institution conducted by, or in receipt of a grant for maintenance from, a State. <p><i>Aged or Disabled Persons Care Act 1954</i>—Part 1 s.2(1)</p> <p><i>Nursing home</i> means premises:</p> <ul style="list-style-type: none"> (a) that are fitted, furnished and staffed for the purpose of providing accommodation and nursing care for patients who, by reason of infirmity or illness, disease, incapacity or disability, have a continuing need for nursing care; and

(b) in which patients of that kind are received and lodged exclusively for the purpose of providing them with accommodation and nursing care;

but does not include:

(c) a hospital;

(d) an institution carried on exclusively or principally for the care and treatment of mentally ill or mentally defective persons, being an institution conducted by, or in receipt of a grant for maintenance from, a State.

National Health Act 1953—Part 1 s.4(1)

quality assessor	A person registered to undertake accreditation audits and review audits of residential aged care homes. Contract assessor: employed on an audit-to-audit basis. Internal assessor: permanent Agency employee.
Quality of Care Principles 1997 ratings	Details the standards of care and services to be provided to residents of aged care homes. The mechanism for reporting a service's compliance with the Accreditation Standards.
review audit (report)	The full assessment of an accredited home against the Accreditation Standards, undertaken during its period of accreditation.
Round 1	The first round of accreditation—between September 1999 and 31 December 2000.
Round 2	The second round of accreditation—beginning mid 2002 and continuing through to mid 2003.
service	For the purposes of this report, a residential aged care home.
site audit (report)	The assessment of a home against the Accreditation Standards, undertaken on site.
spot check	A support visit undertaken by the Agency with little or no notice.
stakeholders	The wide range of individuals and/or organisations that have an interest in a residential aged care home.
support contact	The means by which the Agency reviews how a home is continuing to comply with the Accreditation Standards and to achieve continuous improvement during its accreditation period. It may be a desk review or a site visit.

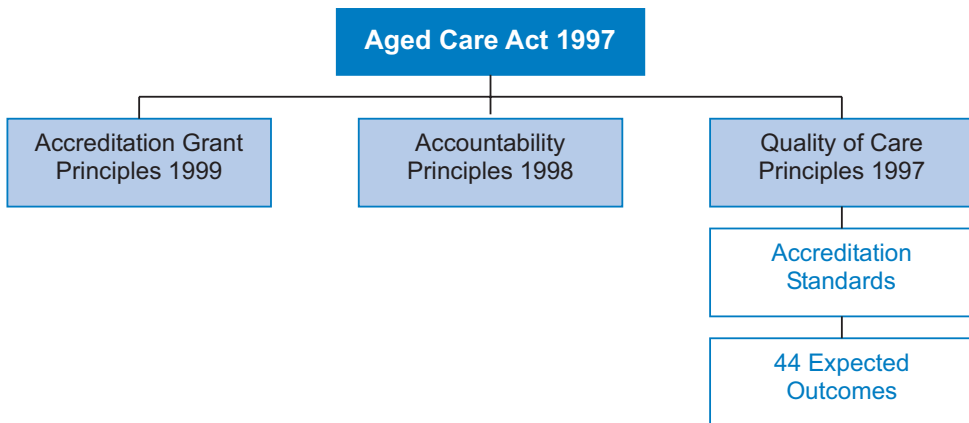
Appendix 2

The Aged Care Act 1997 and the Principles

The Minister may make Principles in accordance with subsection 96-1(1) of the *Aged Care Act 1997* (the Act). These Principles are disallowable instruments under the Act. The Principles relevant to accrediting residential aged care include:

- the Accreditation Grant Principles 1999;
- the Accountability Principles 1998; and
- the Quality of Care Principles 1997.

The figure below demonstrates graphically the relationship between the Act and these three Principles.



Appendix 3

Expected Quality of Aged Care Outcomes

The Accreditation Standards, detailed in the Quality of Care Principles 1997, outline the expected standard of quality of care and quality of life to be provided to residents of residential aged care homes. The Standards consist of 44 Expected Outcomes divided into four parts, as listed below.

Part 1—Management systems, staffing and organisational development

Principle

Within the philosophy and level of care offered in the residential care service, management systems are responsive to the needs of residents, their representatives, staff and stakeholders, and the changing environment in which the service operates.

Expected Outcomes

- | | |
|-------------------------------------|-------------------------------|
| 1.1 Continuous improvement | 1.6 Human resource management |
| 1.2 Regulatory compliance | 1.7 Inventory and equipment |
| 1.3 Education and staff development | 1.8 Information systems |
| 1.4 Comments and complaints | 1.9 External services |
| 1.5 Planning and leadership | |

Part 2—Health and personal care

Principle

Residents' physical and mental health will be promoted and achieved at the optimum level in partnership between each resident (or his or her representative) and the health care team.

Expected Outcomes

- | | |
|---------------------------------------|---|
| 2.1 Continuous improvement | 2.10 Nutrition and hydration |
| 2.2 Regulatory compliance | 2.11 Skin care |
| 2.3 Education and staff development | 2.12 Continence management |
| 2.4 Clinical care | 2.13 Behavioural management |
| 2.5 Specialised nursing care needs | 2.14 Mobility, dexterity and rehabilitation |
| 2.6 Other health and related services | 2.15 Oral and dental care |
| 2.7 Medication management | 2.16 Sensory loss |
| 2.8 Pain management | 2.17 Sleep |
| 2.9 Palliative care | |

Part 3—Resident lifestyle

Principle

Residents retain their personal, civic, legal and consumer rights, and are assisted to achieve active control of their own lives within the residential care service and in the community.

Expected Outcomes

- | | |
|-------------------------------------|---|
| 3.1 Continuous improvement | 3.6 Privacy and dignity |
| 3.2 Regulatory compliance | 3.7 Leisure interests and activities |
| 3.3 Education and staff development | 3.8 Cultural and spiritual life |
| 3.4 Emotional support | 3.9 Choice and decision-making |
| 3.5 Independence | 3.10 Resident security of tenure and responsibilities |

Part 4—Physical environment and safe systems

Principle

Residents live in a safe and comfortable environment that ensures the quality of life and welfare of residents, staff and visitors.

Expected Outcomes

- | | | | |
|-----|---------------------------------|-----|---|
| 4.1 | Continuous improvement | 4.5 | Occupational health and safety |
| 4.2 | Regulatory compliance | 4.6 | Fire, security and other emergencies |
| 4.3 | Education and staff development | 4.7 | Infection control |
| 4.4 | Living environment | 4.8 | Catering, cleaning and laundry services |

Source: Quality of Care Principles 1997, Schedule 2.⁷³

⁷³ Attorney-General's Department, *Quality of Care Principles 1997*, Attorney-General's Department, Canberra, 2002, viewed 9 January 2003, <<http://scaleplus.law.gov.au/html/instruments/0/2/0/2002091916.htm>>.

Appendix 4

Case Studies

Case Study 1—Site Audit Report (extract)⁷⁴

The following case study has been included to illustrate aspects of the accreditation process and the work of the Agency. The case study demonstrates the procedures of the accreditation assessors in their review of the quality of care in three residential homes. The extract included here from the Site Audit report is about the assessors' findings against Expected Outcome 3.4 of Part 3 of the Accreditation Standards—Resident Lifestyle. The principle of Part 3 states: 'Residents retain their personal, civic, legal and consumer rights, and are assisted to achieve active control of their own lives within the residential care service and the community'. The case study has been selected to demonstrate a particular aspect of this principle. Reports on the quality of care in residential aged care homes are available from the Agency's website at <www.accreditation.aust.com>.

Expected Outcome 3.4 Emotional Support

Expected Outcome:

Each resident receives support in adjusting to life in the new environment and on an ongoing basis.

Finding: Compliant

This Expected Outcome is rated compliant.

The team interviewed the program manager, resident adviser, chaplain, volunteer co-ordinator, three residents and three representatives and four staff members. The team sighted records for seven residents, survey and 'phone-in' results, summaries of praise/complaint/suggestion forms and minutes of multi-disciplinary meetings.

Residents (or their representatives) who enter the home are offered a tour and given written information about the services available. Many of the residents have lived in the home for long periods of years; time period ranging from 30 years to 12 months. Others have entered the home from other programs in the organisation. The residents and their representatives commented on the efforts of management and staff in helping residents adjust to their new home and an ongoing basis.

Residents who have been in the home for many years provide emotional support to new residents. The team observed residents providing friendship and emotional support to each other.

⁷⁴ This case study is provided for illustrative purposes only. The contents are not intended to be indicative of the practice or standard required to be compliant with the outcome.

Resident assessments are framed around five 'life domains'; domains relating to lifestyle include activities, financial independence, relationships and spiritual needs. An assessment is conducted on admission to identify emotional support needs. Ongoing multi-disciplinary reviews are conducted weekly and changes made where identified. The team sighted seven sets of residents' files and noted strategies for emotional support.

Residents can confidentially access the resident adviser to discuss any concerns they may have. The resident adviser liaises with other staff such as nursing staff, the chaplain or social worker to assist the resident and lessen their emotional stress. Residents are able to seek support from the chaplain following the death of a resident.

A volunteer program is established. The volunteers provide one-to-one companionship to residents and are able to offer friendly support in times of emotional stress.

Source: Aged Care Standards and Accreditation Agency Ltd.

Case Study 2—Site Audit Report (extract)⁷⁵

This extract from the Site Audit report is about the assessors' findings against Expected Outcome 3.6 of Part 3 of the Accreditation Standards—Resident Lifestyle. The principle of Part 3 states: 'Residents retain their personal, civic, legal and consumer rights, and are assisted to achieve active control of their own lives within the residential care service and the community'. The case study has been selected to demonstrate a particular aspect of this principle.

Expected Outcome 3.6 Privacy and dignity

Expected Outcome:

Each resident's right to privacy, dignity and confidentiality is recognised and respected.

Findings: [non-compliant]

Each resident's right to privacy, dignity and confidentiality is not recognised and respected. Residents in shared rooms have their privacy and dignity compromised due to numerous privacy curtains and curtains on exterior windows falling off their tracks. It was noted a shared shower that is currently used had the shower curtain missing; also there was no external window and the light did not work. Incontinent sheets were observed placed on chairs in communal sitting areas and on beds with the top bed linen turned back. One bed had a continence aid sitting on the bed, on the incontinent sheet, in full view of the passageway and other residents and visitors in the room.

During the audit a resident and representative were heard to be arguing in the communal sitting area and passageway. Care staff although aware of this incident did not attempt to resolve the conflict or relocate the resident and representative to a more appropriate and private area. A member of staff was also heard to be discussing a resident with another resident's relative. According to [the home's] procedures staff have been instructed at an in-service [briefing] on the importance of confidentiality. Inappropriate documentation was noted in a resident's file. Residents' files are stored in a cupboard that has had the lock removed within the nurses' station that was not locked during the audit. Residents were observed to be continually accessing this room.

Necessary Improvements

- The service must introduce a system to ensure that staff record comments that are professional and do not compromise residents' dignity.
- The service must review staff practice to ensure that resident privacy and dignity is not compromised.

⁷⁵ This case study is provided for illustrative purposes only. The contents are not intended to be indicative of the practice or standard required to be compliant with the outcome.

- The service must ensure that residents' confidentiality is maintained through secure and safe storage of files.

Note: Following the Agency's visit to this home, an administrator was appointed. The home received 'a not to accredit' decision. The approved provider sold the home to a new provider. The new provider changed the name of the home and made many improvements. Subsequently, the home was found to be compliant with all 44 Expected Outcomes and received three years' accreditation.

Source: Aged Care Standards and Accreditation Agency Ltd.

Case Study 3—Site Audit Report (extract)⁷⁶

This extract from the Site Audit report is about the assessors' findings against Expected Outcome 3.5 of Part 3 of the Accreditation Standards—Resident Lifestyle. The principle of Part 3 states: 'Residents retain their personal, civic, legal and consumer rights, and are assisted to achieve active control of their own lives within the residential care service and the community'. The case study has been selected to demonstrate a particular aspect of this principle.

Expected Outcome 3.5 Independence

Expected Outcome:

Residents are assisted to achieve maximum independence, maintain friendships and participate in the life of the community within and outside the residential care service.

Finding: Compliant

This Expected Outcome is rated compliant.

The team interviewed 10 residents, the director of care, diversional therapist, four ancillary staff, four care staff and a volunteer. The team viewed a variety of policies and procedures, range of meeting minutes, audits results and findings of quality activities, quality assurance folder, resident handbook, orientation checklist, social calendar, resident assessments, social activity chart, and observed activities being conducted during the visit.

Residents told the team that they are well supported and encouraged by staff to remain as independent as possible. The team observed residents making beds, sweeping the garden path and making doctor appointments. Records confirm the extent of residents' involvement in the activities themselves. Residents research and plan bus outing destinations for the service.

Social calendar shows that increased community involvement has led to a rise in active volunteer hours.

Social activity chart also showed a continuation of community involvement. Minutes and information sessions show residents are informed of local community services and how to access them. The residents regularly use community cars, community buses or their own vehicles to access services.

The footpath around the facility has been widened to ensure smoother access for residents to walk. The director of care told the team that this has resulted in increased independence for the residents.

Care plans and notes reviewed showed clearly that residents' independence is fostered and encouraged wherever possible. Instances were noted where

⁷⁶ This case study is provided for illustrative purposes only. The contents are not intended to be indicative of the practice or standard required to be compliant with the outcome.

increased mobility has been achieved, where residents are encouraged to maximise their ability to care for themselves, and where residents are supported to attend community and family events and programs outside of the service.

Source: Aged Care Standards and Accreditation Agency Ltd.

Index

A

AAT 17, 55, 76, 77

Administrative Appeals Tribunal 29, 30, 55, 76

Accreditation Guide 14, 40, 48, 66, 85

Accreditation Management Information system 19, 49, 60, 71, 78

Accreditation Standards 11, 12, 27, 29, 31, 33, 37, 39, 47, 50, 55, 63, 65, 69, 70, 73, 74, 77, 78, 80, 82, 85, 87, 88, 89, 92, 94, 96

Agency Liaison Group 16, 65, 69, 70

AMI 16, 49, 60, 71

appeals 17, 29, 30, 56, 76, 77, 78

assessors 11, 12, 13, 14, 15, 17, 29, 34, 36, 37, 40, 48, 49, 50, 53, 54, 55, 56, 57, 58, 60, 63, 67, 68, 74, 75, 78, 81, 82, 92, 94, 96

audit objective 12, 35

B

budget 11, 13, 15, 23, 27, 34, 36, 44, 45, 46, 47, 50, 61, 78

C

communication 16, 34, 57, 58, 59, 64, 65, 66, 70, 73, 98, 102

community care 11, 23, 35

compliance 102

consistency 17, 34, 54, 55, 57, 61, 73, 74, 75, 76, 77, 78, 79, 81

continuous improvement 26, 30, 34, 57, 67, 68, 78, 80, 81, 85, 87, 89, 90, 91

D

data 15, 24, 25, 26, 49, 50, 56, 57, 58, 59, 60, 61, 63, 65, 67, 69, 70, 71, 74, 75, 76, 77, 80, 81

E

education 16, 33, 34, 47, 50, 53, 55, 56, 58, 61, 62, 63, 64, 65, 66, 67, 68, 70, 73, 89, 90, 91

Expected Outcomes 27, 28, 37, 40, 41, 76, 81, 82, 85, 88, 89, 90, 91, 95

F

fees 23, 33, 44, 45, 46

Funding Agreement 33, 43, 44, 48, 61, 62, 81

H

human resources 53, 55

I

income 14, 27, 33, 44, 45, 46, 47, 49

information management 18, 59, 64

N

non-compliance 14, 29, 30, 41, 42, 65, 66

O

Outcome Standards 11, 26

outcomes 12, 19, 26, 27, 28, 29, 37, 40, 41, 56, 61, 69, 70, 76, 81, 82, 85, 88, 89, 90, 91, 95

P

PBS 44

performance indicators 16, 19, 44, 54, 55, 61, 62, 63, 71, 72

performance management 15, 53, 56, 58

Portfolio Budget Statement 11, 23, 34, 44, 46, 47

professional development 53, 55, 56, 57, 58

Q

QSA 53, 54, 56

quality assurance 11, 13, 17, 18, 19, 27, 36, 72, 79, 82, 96

quality of care 11, 12, 16, 19, 23, 27, 29, 32, 36, 39, 63, 64, 65, 70, 72, 73, 85, 87, 88, 89, 91, 92

quality of life 11, 16, 23, 27, 63, 89, 91

Quality Society of Australasia 53

R

ratings 17, 28, 60, 61, 65, 74, 75, 76, 77, 81, 86, 87

reconsiderations 17, 76, 77, 78

recruitment 15, 53, 54, 58

registration 15, 53, 54, 58

regulation 16, 23, 30, 33, 65, 67

residential aged care 11, 12, 13, 14, 16, 18, 23, 24, 25, 26, 27, 30, 31, 32, 33, 34, 35, 36, 39, 44, 56, 59, 63, 67, 69, 70, 73, 85, 86, 87, 88, 89, 92, 94

residential care 11, 16, 19, 23, 24, 27, 30, 32, 37, 39, 45, 48, 57, 64, 65, 70, 72, 73, 89, 90, 92, 94, 96

resources 14, 15, 34, 42, 45, 47, 50, 53, 55, 56, 71, 73

revenue 33, 45, 46

S

scheduling 44, 48, 49, 50

self-assessment 12, 29, 40, 57, 66

Service Charter 43

T

targets 16, 44, 61, 62, 71

training 15, 16, 33, 34, 53, 54, 55, 56, 58, 60, 65, 67, 78, 79, 80, 81, 82

W

workflow 14, 16, 18, 44, 48, 50, 60, 69, 71

workforce 14, 15, 48, 49, 50

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Audit Report No.1 Performance Audit
Information Technology at the Department of Health and Ageing
Department of Health and Ageing

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Grants Management
Aboriginal and Torres Strait Islander Commission

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Department of Defence

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Audit Activity Report: January to June 2002
Summary of Outcomes

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Department of Health and Ageing and the Health Insurance Commission

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Department of Family and Community Services

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Health Insurance Commission

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Industry Research and Development Board

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Department of Family and Community Services
Centrelink

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Energy Efficiency in Commonwealth Operations—Follow-up Audit

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*Audits of the Financial Statements of Commonwealth Entities
for the Period Ended 30 June 2002*
Summary of Results

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Aviation Security in Australia
Department of Transport and Regional Services

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Management of Commonwealth Guarantees, Warranties, Indemnities and Letters of Comfort

Audit Report No.28 Performance Audit
Northern Territory Land Councils and the Aboriginals Benefit Account

Audit Report No.29 Audit Activity Report
Audit Activity Report: July to December 2002
Summary of Outcomes

Audit Report No.30 Performance Audit
Defence Ordnance Safety and Suitability for Service
Department of Defence

Audit Report No.31 Performance Audit
Retention of Military Personnel Follow-up Audit
Department of Defence

Audit Report No.32 Business Support Process Audit
The Senate Order for Departmental and Agency Contracts (Spring 2002 Compliance)

Audit Report No.33 Performance Audit
Management of e-Business in the Department of Education, Science and Training

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Pest and Disease Emergency Management Follow-up Audit
Department of Agriculture, Fisheries and Forestry—Australia

Audit Report No.35 Performance Audit
Fraud Control Arrangements in the Australian Customs Service

Audit Report No.36 Performance Audit
Monitoring of Industry Development Commitments under the IT Outsourcing Initiative
Department of Communications, Information Technology and the Arts

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Passport Services
Department of Foreign Affairs and Trade

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Navy Operational Readiness
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R & D Tax Concession
Department of Industry, Tourism and Resources, the Industry Research and Development Board and the Australian Taxation Office

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Telephone Call Centres	Dec 1996
Telephone Call Centres Handbook	Dec 1996
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