



Guide to Quarterly Financial Report and increased transparency

April 2022

Background

The Royal Commission into Aged Care Quality and Safety's (the Royal Commission's) recommendation 133 is being implemented to introduce more stringent reporting requirements and strengthen prudential requirements for approved providers. The requirements will assist the Government in monitoring and supporting providers, which is key to minimising the risk of business failures and protecting consumers from potential disruptions to the care services they receive. Measures to increase financial transparency in the sector are also being introduced to allow consumers to make informed choices about their care.

This Royal Commission's recommendation is being implemented through a new three-phase [Financial and Prudential Monitoring, Compliance and Intervention Framework](#). The Framework aims to improve the sustainability, accountability and transparency of the aged care sector.

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

Phase 2 will commence from 1 July 2022 and will introduce new quarterly financial reporting and transparency requirements.

- A new Quarterly Financial Report (QFR) will enable more timely analyses of the sector's viability, provide information to the Star Rating system and monitor direct care minutes delivered by aged care services. The first QFR is due to the Department of Health (the department) by 4 November 2022. This report will capture the first quarter of the 2022-23 financial year.
- From the 2021-22 financial year, all approved residential aged care providers who submit a General Purpose Financial Report (GPFR) to the department (excluding State and Territory Government providers), will be required to publish their GPFR online.

This paper provides guidance on the new Quarterly Financial Report. It has been informed by consultation with Chief Finance Officers (CFOs) and/or Finance Managers from residential and home care providers.

Purpose of the Quarterly Financial Report

The financial data collected through the QFR will be used for a range of purposes including:

- **Financial oversight:** used to track, monitor and benchmark the sector.
- **Consumer choice and transparency:** provide information to the Star Rating system where senior Australians and their families will have access to information to make informed choices.
- **Policy development:** policy planning and development is informed by accurate data.
- **Funding and regulation:** to inform the Australian National Aged Care Classification (AN-ACC) pricing model, and monitor direct care minutes delivered by aged care services.

Scope of the Quarterly Financial Report

Part 1: Viability and prudential compliance questions

The report includes a list of viability and prudential compliance related questions for residential and home care providers. The responses will be used as forward looking indicators to identify providers who have viability and prudential concerns. Early identification allows the department to proactively engage and support providers through their financial viability issues, including referring providers in need to the Business Advisory Program (BAS).

The provider's engagement with the department will assist:

- an assessment of the challenges and risks to a provider's viability
- the identification of possible options or strategies available to the provider that could reduce viability risks, and
- future contact between the department and the provider including to monitor progress and the outcomes of government support and action that the providers may put into effect.

Part 2: Quarterly Financial Statements

The Quarterly Financial Statements include an income statement and a balance sheet at the approved provider level. This is segmented into residential care, home care, community, retirement living and other categories, similar to the 2021-22 ACFR. Based on feedback from providers for the ACFR, cash, financial assets and equity is only collected as a total and is not required to be segmented. The financial information will be used by the department to understand sector performance and will be communicated back to the sector.

Note: Although this statement looks similar to the Parent Entity Consolidated Segment note in the annual ACFR, this statement is collected at the approved provider level and not at the parent entity level.

Part 3: Residential care labour cost and hours reporting

The residential care labour cost and hours reporting section captures both facility level direct care related labour expenses and hours. This is broken down into care types including registered nurses, enrolled nurses, personal care workers, similar to the annual ACFR.

The department will use this to contribute to Star Ratings and inform costing studies for the new AN-ACC funding model which aims to deliver a funding model that better matches funding to resident needs and a more equitable distribution of funding.

The care hours in conjunction with other qualitative information will be used to inform Star Ratings for individual aged care services. The Star Rating System will provide simple 'at-a-glance' information on residential aged care services to support senior Australians, their families, friends and carers, compare services to make informed choices on care options. Star Ratings will be published on My Aged Care towards the end of 2022. They will be based on:

- five quality indicators
- service compliance ratings
- consumer experience, and
- staff minutes of care.

Part 4: Home care labour cost and hours reporting

Home care labour cost and hours section is similar to the residential care labour cost and hours section and collects information on the direct care cost and hours delivered in home care. The information is collected at the Aged Care Planning region level, similar to the annual ACFR. In the annual ACFR for 2021-22, home care providers will be required to submit a balance sheet and income statement at the approved provider level.

This requirement will be replicated in the QFR by requiring home care providers to complete the Quarterly Financial Statement section explained above. With increasing number of home care packages being funded by taxpayers, the increased reporting requirements will bring greater transparency and accountability in the home care sector by better aligning the reporting requirements with residential care.

Part 5: Quarterly Food and Nutrition report

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

The Food and Nutrition report in the QFR will therefore replace the current food and nutrition BDF reporting template in the 2022-23 financial year. Note that the existing qualitative questions in the BDF will be separately integrated into the emerging annual governance statement requirements.

Further information on the [basic daily fee supplement is available on the department's website](#).

Accountability and Governance

The Quarterly Financial Report does not need to be audited. However, legislative requirements similar to the ACFR are currently being finalised, including:

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

This will assist in ensuring the accuracy of the information provided through the QFR and ensure increased oversight of the approved providers' financial position.

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

Table 1: QFR reporting responsibilities

Section Name	Data Collection Level	Provider Type		Organisation Grouping		
		Residential Care	Home Care	Not for Profit	For-Profit	Government
Viability and Prudential Questions	Segment	YES	YES	YES	YES	NO
Quarterly Financial Statements	Approved provider	YES	YES	YES	YES	NO
Labour costs and hours	Service level	YES	YES	YES	YES	YES
Food and Nutrition financial report*	Service level	YES	NO	YES	YES	YES

*Flexible Care - Multi-Purpose Service providers (MPS providers) that currently complete the quarterly basic daily fee supplementary reporting form will be required to complete the Food and Nutrition tab of the Quarterly Financial Report instead.

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

Table 2: Quarterly Financial Report submission timeframe

Quarters (Financial year 2022-23)	Dates of submission	Number of days
Quarter One (July to September)	4 November 2022	35 days
Quarter Two (October to December)	15 February 2023	45 days
Quarter Three (January to March)	5 May 2023	35 days
Quarter Four (April to June)	4 August 2023	35 days

Financial Transparency Measure

Access to more financial information will provide more transparency in the sector and empower consumers. As part of the broader transparency measures, each approved provider of residential care that is required to prepare a GPFR under section 35A of the Accountability Principles 2014 be required to publish the GPFR:

- on its website, or
- if the provider does not have a website, on a website in a manner that is publicly accessible.

This requirement will start with the GPFR for the period of 1 July 2021 to 30 June 2022 and continue with each GPFR thereafter.

The GPFR will need to be published within five months after the end of the approved provider's financial year. This will give the provider one month to publish the GPFR after its ACFR is due under section 37 of the Accountability Principles 2014.

This responsibility would apply to every approved provider required to prepare a GPFR (excluding State and Territory Government providers) and be in addition to existing requirements to provide it to the Secretary under the Accountability Principles.

Next Step

The department will communicate the lodgement and data collection arrangement for Quarterly Financial Report in June 2022 via a sector newsletter. Detailed factsheets along with a webinar and a helpdesk will also be available to assist providers with the quarterly financial requirements. General queries relating to Quarterly Financial Report and financial transparency measures should be sent to FFBCONSULTATION@health.gov.au.