



Guide to Quarterly Financial Report and increased transparency

February 2023

Background

The Royal Commission into Aged Care Quality and Safety's (Royal Commission) 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 senior Australians from potential disruptions to the care services they receive. Measures to increase financial transparency in the sector are also being introduced to allow senior Australians to make informed choices about their care.

This Royal Commission 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 commenced from 1 July 2022 and introduced new quarterly financial reporting and transparency requirements.

- A new Quarterly Financial Report (QFR) enables more timely analyses of the sector's viability, provides information to the Star Rating system and monitors direct care minutes delivered by aged care services. The first QFR was due to the Department of Health and Aged Care (the Department) by 4 November 2022. This report captured 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), are required to publish their GPFR online.

This paper provides guidance on the 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 is 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:** to inform the Australian National Aged Care Classification (AN-ACC) pricing model and pricing studies.
- **Prudential standards regulation:** used to inform the regulation of providers compliance with the Prudential Standards.
- **Quality standards regulation:** used to inform the risk-based regulation of services and providers performance against the Quality Standards and other provider responsibilities.

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 by the department and the Aged Care Quality and Safety Commission (the Commission). Early identification of emerging financial viability issues allows the department and the Commission to proactively work with providers, to support their compliance, while providing assistance to address financial risks; such as referral 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.

A provider's viability will also be used by the Commission to inform other risks and develop effective regulatory responses. The Commission will also assess compliance with the Prudential Standards over the reporting period to inform future regulatory responses. Reporting will also enable development of more detailed sector wide insights to support providers' and senior Australians' understanding of compliance risk.

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 are only collected as a total and not required to be segmented. The financial information will be used by the department and the Commission 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, and personal care workers, similar to the annual ACFR. Assistants in nursing are considered personal care workers for the purposes of direct care reporting.

The Department uses this to contribute to [Star Ratings](#) and inform costing studies for the 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. Star Ratings 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 are published on [My Aged Care](#). They are based on:

- five quality indicators,
- service compliance ratings,
- consumer experience, and
- nursing and personal care minutes.

Failure to submit a QFR, or to submit by the due date, will result in a 1 Star Staffing Rating and subsequently affect the service's overall Star Rating.

Part 4: Home care labour cost and hours reporting

The 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 were 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 numbers of home care packages being funded by taxpayers, the increased reporting requirements will bring greater transparency and accountability to 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 was rolled into the AN-ACC funding model. The majority of the food and nutrition reporting requirements were consequently rolled into the QFR, including service level information on Internal and Contract Catering costs and hours.

The Food and Nutrition report in the QFR has replaced the food and nutrition BDF reporting template. Existing qualitative questions in the BDF are separately integrated into the 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 (commenced 7 September 2022) similar to the ACFR include:

- 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) and National Aboriginal and Torres Strait Islander Flexible Aged Care (NATSIFAC) providers are required to complete the Food and Nutrition financial report.

Please note that providers who solely deliver Commonwealth Home Support Program services do not have to submit a Quarterly Financial Report.

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)	Due Date for Submission	Number of days
Quarter One (July to September)	4 November 2022	35 days
Quarter Two (October to December)	14 February 2023	45 days
Quarter Three (January to March)	5 May 2023	35 days
Quarter Four (April to June)	4 August 2023	35 days

The responsibility to prepare and submit a QFR to the Secretary, as well as publish a GPFR, will be set out in the Accountability Principles. Accordingly, compliance with these responsibilities is monitored and enforced by the Commission. The Commission's approach to non-compliance with reporting obligations is set out in its [Compliance and Enforcement Policy](#). The ACQSC uses information submitted in the QFR to inform its regulatory activities including risk profiling and assessment, targeted monitoring, publishing information on sector performance, and development of education and guidance resources.

Non-compliance with reporting obligations

Providers have responsibilities under the *Aged Care Act 1997* and associated Principles to report certain information to the department and the Commission. This includes providing statements on financial and prudential matters, submitting data required under the Quality Indicator Program and making reports under the Serious Incident Response Scheme.

Where a provider fails to meet its reporting obligations, the Commission will consider a range of escalating regulatory actions. Depending on the nature and extent of the non-compliance, this may involve engaging with a provider via telephone/email, issuing a notice requiring the production of information, or taking enforceable regulatory action.

The Commission maintains a record of a provider's performance with its reporting requirements. This is considered in conjunction with other performance information, including quality of care, to determine the provider's overall risk profile and inform the Commission's response to the non-compliance issue(s). The approach taken will be proportionate and risk-based in accordance with this policy.

The Commission considers factors such as:

- the frequency and timeframe of the non-reporting
- the consequences of the non-reporting in relation to the risk of harm to senior Australians
- whether the provider has advised the Commission or the Department (where relevant) of the reporting delay, provided a reasonable explanation for the delay and has a reasonable plan to comply with the requirement and ensure ongoing compliance.

Financial Transparency Measure

Access to more financial information will provide more transparency in the sector and empower senior Australians to make informed choices about their care. 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 is 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 started with the GPFR for the period of 1 July 2021 to 30 June 2022 and continues with each GPFR thereafter.

The GPFR needs 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 Steps

The QFR is available on the first day of each quarter through the [Forms Administration data collection portal](#). Providers are notified via email once the report opens. The Forms Administration helpdesk is available to assist with the completion and submission of the QFR. Providers can call the helpdesk on (02) 4403 0640 or email enquiries to health@formsadministration.com.au.