Building Certification of Residential Aged Care Homes

Department of Health and Ageing

Canberra   ACT
22 May 2008

Dear Mr President
Dear Mr Speaker

The Australian National Audit Office has undertaken a performance audit in the Department of Health and Ageing 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 *Building Certification of Residential Aged Care Homes.*

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

Ian McPhee
Auditor-General

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

Audit Team
Steven Lack

Contents

Abbreviations

AACD	Ageing and Aged Care Division
ACSA	Aged and Community Services Australia
ANAO	Australian National Audit Office
AWP	Audit Work Programme
ABCB	Australian Building Codes Board
BCA	Building Code of Australia
CO	Central Office (DoHA)
DoHA	Department of Health and Ageing
OECD	Organisation for Economic Co-operation and Development
RACS	Residential Aged Care Service
STO	State/Territory Office (DoHA)

Glossary

Approved Provider	A provider of services in the aged care sector that has been approved by the Australian Government Department of Health and Ageing in accordance with the requirements of the *Aged Care Act 1997*.
Certification	The status given to a residential aged care service based primarily on its ability to provide quality accommodation for residents.
Contracted Assessor	A private sector firm with expertise in the building industry, contracted by DoHA to assess residential aged care homes during certification inspections.
Residential Aged Care Home	A building or group of buildings that comprise an aged care service, including associated external areas (commonly known as a nursing home, hostel, aged care service or aged care facility).
Quasi-regulation	Quasi–regulation coves a wide range of arrangements where government influences business to comply, but which do not form part of explicit government regulation.

Summary and Recommendations

Summary

Introduction

Ageing and aged care in Australia

1.   Australia, like other OECD[1] countries, is experiencing an ageing of its population, driven by declining fertility and mortality rates. In coming decades, the proportion of the Australian population that is over 85 years of age is expected to triple, while the proportion in the working age range of 15 to 64 years is expected to fall.

2.   As a result of the ageing of Australia's population, there will be increasing demand for quality aged care services and, consequently, an expansion in building new aged care accommodation, re-furbishing existing accommodation and upgrading of residential aged care homes to meet this demand.

Residential aged care

3.   As at January 2008, there were nearly 3000 residential aged care homes in Australia providing over 210 000 aged care places. Residential aged care is predominantly financed by the Australian Government and is mostly provided by the non-government sector (by both religious, charitable and private sector providers). State and local governments, with funding from the Australian Government, also operate a small number of aged care homes.

4.   The Australian Government's total expenditure on aged care in 2005–06 was $7.3 billion.[2] The aged care sector is continuing to invest significant funds in new buildings, re-furbishing existing accommodation and upgrading of homes. DoHA estimates that $1.133 billion was spent across the aged care sector on new building works in 2006–2007, representing 15 per cent of all aged care homes. [3]

---

[1]   Organisation for Economic Co-operation and Development.

[2]   DoHA website: <http://www.health.gov.au/internet/budget/publishing.nsf/content/health-budget2005-abudget-ageingbooklet.htm> [accessed 16 October 2007].

[3]   DoHA estimate; this amount represents money invested by the aged care sector and the Australian Government.

Building Certification

5. The *Aged Care Act 1997* introduced a national quality assurance framework for residential aged care, combining accreditation, building certification, complaints handling and supporting users' rights. The objects of *Aged Care Act 1997* include:

- to promote a high quality of care and accommodation for the recipients of aged care services that meets the needs of individuals.[4]

6. In 1999, a *10 Year Forward Plan* for building certification was agreed with the aged care sector. The objective of the certification plan is to encourage improvement to the safety and amenity of aged care buildings beyond the legislated requirements of State, Territory and local governments.

7. A purpose of the plan was to provide minimum standards to inform the planning and implementation of improvements in accommodation by Approved Providers.[5] The plan incorporated a December 2003 target for fire safety. This target was extended, with 80 per cent of homes compliant by the revised target of December 2005.[6] There is also a 2008 target, addressing privacy and space requirements.

Regulatory environment

8. The certification process is intended to complement other regulatory requirements and does not remove or change an aged care Approved Provider's mandatory obligations to comply with all State, Territory and local government laws relating to aged care homes.

9. Certification is based on the Building Code of Australia (BCA), although it does not replicate the BCA. In some cases, the required building standards for certification exceed State, Territory and local government requirements and regulations, for example in areas of fire and safety.

---

[4]   This Act also provides for the Commonwealth to give financial support through payment of subsidies for the provision of aged care and through payment of grants for other matters connected with the provision of aged care. ComLaw website:
<http://www.comlaw.gov.au/comlaw/Legislation/ActCompilation1.nsf/0/F927CE5F1C70EC86CA2573F600156D4E?OpenDocument>, [accessed 3 March 2008].

[5]   An Approved Provider is an organisation which has been approved by the Secretary of the Department of Health and Ageing to provide Australian Government funded aged care under the *Aged Care Act 1997*.

[6]   DoHA advised that, as at February 2008, 60 of the nearly 3000 residential aged care homes have not yet met the higher certification program standards for fire and safety.

10. To achieve certification, an aged care facility is inspected, assessed and scored using a 1999 Certification Assessment Instrument to determine if it meets certain minimum building standards: fire safety; hazards; privacy; access; heating and cooling; lighting and ventilation; and security.

11. Certification allows Approved Providers access to additional funding sources, including accommodation bonds provided by residents and supplements (in the form of Australian Government subsidy payments) for concessional residents who are unable to make accommodation payments.

12. Building certification is not mandatory, however, only those residential aged care homes that are certified can charge accommodation bonds and have access to additional streams of recurrent government funding. Because compliance with building standards is a precondition for aged care service providers receiving other government benefits, the certification program is regarded as an example of 'quasi–regulation'. [7]

DoHA's role

13. The Department of Health and Ageing (DoHA) is responsible for ensuring that Approved Providers meet their obligations under the *Aged Care Act 1997*. The oversight function and policy formulation aspects of the certification program are managed from DoHA's Central Office within the Ageing and Aged Care Division (AACD), with day-to-day administration undertaken by the department's State/Territory Offices (STOs).

14. DoHA provides inspection services for certification through a contracted arrangement with a private sector firm (contracted assessor) with expertise in the building industry. The contracted assessor uses the Certification Assessment Instrument to assess aged care homes during certification inspections.

Audit objective and scope

15. The objective of the audit was to assess DoHA's administration of building certification of residential aged care homes. The ANAO examined DoHA's arrangements to: plan for, and report on, the certification program; manage the delivery of certification services; and manage stakeholder relations.

---

[7] A discussion of the various forms of regulation, including examples, can be found in Office of Best Practice Regulation, Best Practice Regulation Handbook, Appendix A, Canberra, 2008.

16. The audit did not seek to validate assessments made under the program by DoHA's contracted assessor and, therefore, does not form an opinion on whether residential aged care homes should or should not have been certified.

Overall audit conclusion

17. The certification of residential aged care homes was introduced in 1997 as a component of the *Aged Care Act 1997*. The objects of this Act include the promotion of a high quality of care and accommodation for the recipients of aged care services that meets the needs of individuals.

18. To implement and administer the certification program DoHA has: successfully developed a *10 Year Forward Plan*, setting out a framework of minimum standards and target dates for residential aged care homes; established and monitored procedural arrangements to promote compliance with key legislative requirements for the application, assessment, notification and review of certification services; and in recent years, appropriately targeted its resources and communication towards the minority of aged care homes that are yet to meet certification requirements.

19. The certification program has been in operation since 1997 and is expected to be reviewed in 2008. As such, it is timely for DoHA to consider the lessons learned during the past ten years and the extent to which the certification program has met its objectives. Based on this audit, areas that could be strengthened include:

- a more effective performance information framework to assist internal decision making and provide more comprehensive information on program outcomes; and

- a more formal, structured communication strategy that better allows DoHA to engage with key industry stakeholders to identify emerging certification issues.

20. The objective of DoHA's *10 Year Forward Plan* is to encourage improvement to the safety and amenity of aged care buildings beyond the legislated requirements of State, Territory and local governments. The target deadlines of the *10 Year Forward Plan* provided DoHA with a clear timeline to benchmark and guide the certification program. The indicator used by DoHA to track the results of the certification program is the extent of residential aged care services that meet the required minimum building standards. In its 2006–

07 Annual Report, DoHA reported that, at June 2007, 96.3 per cent of residential aged care services met the required minimum building standards.

21.   DoHA's performance indicator for the certification program is a single aggregated measure of the number of residential aged care facilities that have been certified. While DoHA's current performance indicator provides sufficient information to assess the extent to which certification has achieved pre-determined targets, measurement of the impact of the certification program could be enhanced to better capture its contribution to the objects of the *Aged Care Act 1997*, that is, the delivery of high quality of care and accommodation for the recipients of aged care services that meets the needs of individuals.

22.   DoHA would be better informed in its program management if it were to supplement its single performance measure relating to the number of homes certified with additional information, differentiated appropriately to address critical areas of high quality accommodation and amenity, such as fire safety, and privacy and space. Balanced sets of performance information aid program management as they provide more comprehensive information for decision makers, and enable the investigation of the interactions and inter-relationships between factors that influence outcomes.

23.   The focus on building certification has created a specialised and professional industry for the design, building and management of aged care facilities that did not exist prior to the program. The certification program was developed and implemented by DoHA with wide ranging and active involvement of all sectors of the aged care industry. Overall, these industry stakeholders supported the certification program and considered that it had been both needed and successful in achieving improvements to the building stock of aged care facilities.

24.   However, to meet its obligations under the *Aged Care Act 1997*, DoHA is required to effectively monitor Approved Providers against building certification standards. In this regard stakeholders have identified ongoing issues that would benefit from greater engagement between DoHA, Approved Providers and the wider industry to improve the effectiveness of certification. These included addressing varying interpretations of the Certification Assessment Instrument and potential conflict between the Instrument and the Building Code of Australia.

25.   DoHA's management of industry feedback requires continued engagement with Approved Providers and the wider industry. A more formal,

structured communication strategy, including regular feedback mechanisms, would allow DoHA to better engage with key industry stakeholders, identify emerging certification issues, and promote the communication of consistent messages over time.

Key findings by chapter

Planning and reporting on the certification program (Chapter Two)

26.   In examining DoHA's strategic and operational planning and reporting of the certification program, the ANAO reviewed the department's:

- approach to risk management;

- certification plans; and

- performance information and reporting.

Approach to risk management

27.   DoHA has departmental and divisional Risk Management Frameworks. However, it does not have a risk plan specific to building certification that would enable the department to formally identify, assess, treat, and monitor the risks associated with this program.

28.   Risks such as homes not meeting the established deadlines, home closures due to failing certification requirements, and potential stakeholder dissatisfaction were not identified and documented in a risk management plan. Instead, DoHA addressed major risks as they materialised over the life of its *10 Year Forward Plan* for building certification. For example, DoHA has: offered voluntary assessments to homes; undertaken a process to identify and actively manage those homes assessed as high risk in terms of meeting the 2003 fire safety deadline; and conducted a series of educational seminars aimed at industry professionals involved in designing, building and certifying aged care facilities.

29.   The ANAO suggests that, in progressing arrangements for any future certification program, DoHA documents its approach to managing the risks including the identification, assessment, ranking, treatment, monitoring and review of these risks.

Certification plans

30.   The objective of the certification program is to encourage improvement to the safety and amenity of aged care buildings beyond the legislated requirements of State, Territory and local governments.

31.   In 1999, DoHA implemented a *10 Year Forward Plan* designed to give effect to the aims identified for the program. The *10 Year Forward Plan* provided direction for DoHA, industry and Approved Providers with the goal of meeting set targets by nominated calendar deadlines. The plan incorporated:

•   a December 2003 target date for meeting fire safety standards (these relate to the way Approved Providers and staff respond to fire emergencies, and safely and successfully remove residents from harm); and

•   a December 2008 target date for meeting privacy and space standards (these relate to the number of residents per room, and access to toilets and showers).

32.   All certified Approved Providers were required to meet new fire safety standards by the end of 2003. Following recognition by DoHA of industry concerns that this target was unachievable, owing to considerable building work and aged care industry renovation and construction delays, the deadline for compliance was revised to December 2005.

33.   The *10 Year Forward Plan* also established further building improvements relating to privacy and space to be met by the end of 2008. Approved Providers have been aware of these privacy and space requirements and the 2008 deadline since the *10 Year Forward Plan* was developed. Approximately 300 homes indicated to DoHA, through the 2006 Annual Fire Safety Declaration,[8] that they may not comply with the privacy and space requirements by the end of 2008. The industry has advised DoHA that the ability of these homes to meet the December 2008 privacy and space deadline is also contingent upon the volume of construction work, renovation and building delays. There has been ongoing engagement between DoHA's State and Territory offices and its Central Office to confirm the list of potentially non-compliant homes and agree on activities to work with Approved Providers who have indicated they may be non-compliant.

---

[8]   Approved Providers are required to submit an Annual Fire Safety Declaration to DoHA which reports their status with regard to fire safety requirements under certification.

Performance information and reporting

34. The two key accountability documents for each government portfolio are Portfolio Budget Statements (PBS) and Annual Reports. There is no performance information specific to building certification listed in DoHA's Portfolio Budget Statements 2007–08. Certification is briefly mentioned in DoHA's 2006–07 Annual Report. The indicator reported is that, at June 2007, 96.3 per cent of residential aged care services met the required minimum building standards.

35. The certification program sits within a hierarchy of objectives. The objects of *Aged Care Act 1997* include: *to promote a high quality of care and accommodation for the recipients of aged care services that meets the needs of individuals*. The objective of DoHA's *10 Year Forward Plan* is to encourage improvement to the safety and amenity of aged care buildings beyond the legislated requirements of State, Territory and local governments.

36. The key indicator for success for the certification program is found in DoHA's *10 Year Forward Plan* and focuses primarily on the numbers of residential aged care facilities certified by the documented timeframes. That is, the number of residential aged care homes that meet recognised fire, safety and privacy standards.

37. DoHA's current performance measure is both a quantity indicator and a high-level quality indicator. The indicator provides sufficient information to assess the extent to which certification has achieved pre-determined targets. It is also an aggregated measure of quality, specifically the extent to which certification embodies recognised building standards.

38. Internally, DoHA maintains data on the number of residential aged care facilities certified against calendar deadlines and quantitative statistics such as the number of inspections conducted. For example, the number of homes declaring non-compliance with State, Territory and local government fire and safety regulations.

39. DoHA's measurement of the impact of the certification program could be enhanced to better capture its contribution the objects of the *Aged Care Act 1997*. DoHA would be better informed in its program management if it were to supplement its single performance measure relating to the number of homes certified with additional information, differentiated appropriately to address critical areas of high quality accommodation and amenity, such as fire safety, and privacy and space. For example, surveys of Approved Providers could establish the contribution of certification on resident safety through the

capability of service providers and staff to respond to fire emergencies, and safely remove residents from harm.

40. Customer satisfaction, although less tangible, can also be used to assess the quality of a service. DoHA could, for example, collect feedback via surveys from residents (who pay the accommodation bond) on their experience of the privacy and space standards. Recording and reporting trends in the feedback from residents of their experience of the privacy standards would be an enhanced measure of quality.

41. In order to enhance internal program management and stakeholder understanding of the effectiveness of the certification program, there would be benefits in DoHA developing a more effective performance information framework. Monitoring trends over time against enhanced effectiveness measures would assist internal decision making and provide more comprehensive information on program outcomes.

Managing the delivery of certification services (Chapter Three)

42. The certification process has a sound legislative base. To assess if DoHA's administration of the certification program met its legislative obligations under the *Aged Care Act 1997*, the ANAO reviewed key stages in the certification process including:

- the assessment form used to determine whether an aged care facility meets specified building standards and the method of evaluation;

- following evaluation, notifications by the Secretary of DoHA of certification determinations; and

- reviews undertaken by DoHA to determine the certification status of previously certified facilities.

The certification assessment form and method of evaluation

43. The certification of aged care homes is required to be undertaken by an independent person or body using an assessment tool approved by the Secretary of DoHA.

44. The 1997 Certification Assessment Instrument was developed by DoHA in consultation with industry and used for the initial certification inspections. By the end of 1997, all Approved Providers who chose to seek certification were certified. In line with the *10 Year Forward Plan* and the

objective of continuous improvement, the 1997 Instrument was revised in a 1999 Instrument. The 1999 Instrument was last revised in 2002.

45. Since 1997, DoHA has delivered the inspection services of the program through a contracted arrangement with a private sector organisation with expertise in the building industry. Assessments authorities are contracted through an open tender process and, in the life of the program, there have been three companies contracted to provide certification assessment and technical support services for the certification program.

46. The contract with the current assessment authority expired on 31 December 2007. In recognition of the conclusion of the *10 year forward plan* for certification at the end of 2008, DoHA decided to re-engage the current assessment authority for one year only while the future of the certification program was decided. This direct sourcing approach by-passed open tendering and, during the audit, DoHA instituted a formal Request for Quotation process during the audit in line with the requirements of the Commonwealth Procurement Guidelines.

Notification of the Secretary's determination

47. Under the *Aged Care Act 1997*, DoHA has 90 days from receipt of an Approved Provider's application for certification, to notify an aged care home in writing, whether it has been certified. In the initial stages of certification in 1997, delays occurred in processing applications and the 90 day timeframe was exceeded on a number of occasions. This was in part owing to the number of applications to be processed but also because of changes in the direction of the program that delayed the proclamation of legislation. Since 1997, notification timeframes have been adhered to by DoHA.

Reviews of certification status

48. In order to manage the certification program, DoHA has produced a comprehensive range of guidance material for use by staff as well as stakeholders. An area of ongoing focus has been reviews.

49. Section 39–4 of the *Aged Care Act 1997* provides for DoHA to review the certification status of a residential aged care facility. In the majority of cases reviews are conducted where homes have been extended or substantially refurbished, or have not met certification requirements, for example fire and safety. There were occasions of inconsistent application of review criteria by DoHA's State/Territory Offices (STOs) owing to a level of uncertainty about

when to conduct a review. DoHA records show that Central Office (CO) has had ongoing concerns over the STOs management of the review process and to encourage a consistent approach has provided STOs with guidance on the triggers for a review under s39–4 of the *Aged Care Act 1997*. This should improve the consistency of decision-making across DoHA and enhance the confidence of Approved Providers in the application of the review criteria.

DoHA's management of stakeholder relations (Chapter Four)

50. The relationships that an agency has with service providers can make an important contribution to the effective administration of a program that has a heavy emphasis on compliance by those service providers. Monitoring compliance against codes or standards while adhering to good customer service principles requires an appropriate balance to be struck between using the powers and authority prescribed in relevant legislation and encouraging compliance through effective communications and relationship management. In examining how DoHA manages its relationship with stakeholders involved in certification, the ANAO assessed:

- DoHA's communication strategy; and;

- stakeholder support for certification and examples of critical feedback.

DoHA's communication strategy

51. While DoHA does not have a formal documented communication strategy for certification, it has focused considerable effort on communication with industry when deemed appropriate including:

- formal consultative arrangements during the implementation phase;

- informal and ad hoc forums; and

- the provision of guidance material.

52. The certification program was developed and implemented in 1999 with wide ranging and active involvement of all sectors of the aged care industry. The 'Committee for the Quality for Aged Care Accommodation' was particularly active in the development of matters relating to the direction of the program.

53. In 2006, DoHA, in consultation with the contracted assessor, supported industry with a seminar on the changes to the Building Code of Australia (BCA) in relation to the inclusion of aged care facilities into the new 9c building classification of the BCA (BCA 9c specifically relates to building

standards in aged care facilities)[9] and the impact on DoHA's certification process and Instrument.

54. DoHA has provided a wide and diverse range of products in a number of formats to advise and guide industry on the requirements of the certification program. The certification assessment instrument, accompanying guidelines, scoring matrix and the certification manual are all available to Approved Providers through the department's website. These documents are also available to Approved Providers in hard copy.

55. In recent years, because the majority of homes have met certification requirements, DoHA's resources to administer the program and its communication efforts have been targeted toward those homes that are yet to meet certification requirements and/or may be subject to review.

Stakeholder support for certification and examples of critical feedback

56. Stakeholders generally supported the program and considered it had been both needed by the industry and successful in achieving improvements to the building stock of aged care facilities. However, many stakeholders considered that certification may no longer be relevant owing to:

- progressive yearly revision and update of the Building Code of Australia (BCA);

- improved State, Territory and local government regulations on fire safety; and

- the maturity of the industry.

57. Stakeholders identified ongoing issues that would benefit from greater engagement between DoHA, Approved Providers and the wider industry to improve the effectiveness of certification, including:

- varying interpretations of the Certification Assessment Instrument by both the contracted assessor and amongst their peers, resulting in a potential lack of consistency of application; and

- potential conflict between the Certification Assessment Instrument and the BCA.

---

9   The Australian Building Codes Board (ABCB) develops the Building Code of Australia (BCA). CH Group website: *CH Group Seminars*, <http://chgroup.com.au/2006/07/06/national-9c-registration/> [accessed 8 October 2007].

58. DoHA acknowledges that there will be an element of judgement associated with any assessment and there will always be a risk of inconsistency. Accordingly the department has adopted a number of measures to reduce this risk including requiring that all assessors employed by the contracted assessor are qualified and licensed building surveyors who practice within the wider building industry.

59. However, Peak Bodies and Approved Providers have raised concerns regarding their perception of a lack of engagement and response to broader industry feedback. The ANAO notes that DoHA has not undertaken a formal stakeholder satisfaction assessment during the last 10 years. A more formal, structured communication strategy, including regular feedback mechanisms, would allow DoHA to better engage with key industry stakeholders, identify emerging certification issues, and promote the communication of consistent messages over time.

Summary of DoHA response

60. The Department is supportive of the audit report as a constructive and timely appraisal of the certification program that will inform our deliberations on continuing improvement of building quality in residential aged care. The Department agrees with the two recommendations.

Recommendations

The certification program is expected to be reviewed in 2008, and DoHA is considering the design of any future initiative to maintain and improve the physical standards of residential aged care buildings. Subject to the future design of the certification program beyond 2008, the ANAO made two recommendations.

Recommendation No.1

Para. 2.33

The ANAO recommends that DoHA refines its performance information framework for the building certification program. Monitoring trends over time against a balanced set of effectiveness measures would assist internal decision making and provide more comprehensive information on program outcomes.

DoHA's response: *Agreed*

Recommendation No.2

Para. 4.28

The ANAO recommends that DoHA documents and disseminates its communication strategy for certification that includes the department's approach to:

- engaging with key industry stakeholders to identify emerging certification issues; and

- targeting the highest priority risks posed by non-compliance.

DoHA's response: *Agreed*

Audit Findings
and Conclusions

1.   Introduction

Background information on residential aged care in Australia and the process for the certification of residential aged care facilities is provided in this chapter.

Background

Ageing and aged care in Australia

1.1   Australia, like other OECD[10] countries, is experiencing an ageing of its population, driven by declining fertility and mortality rates. In coming decades, the proportion of the Australian population that is over 85 years of age is expected to triple, while the proportion in the working age range of 15 to 64 years is expected to fall.

1.2   As a result of the ageing of Australia's population, there will be increasing demand for quality aged care services and, consequently, an expansion in building new aged care accommodation, re-furbishing existing accommodation and upgrading of residential aged care homes to meet this demand.

Residential aged care

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.

1.4   Residential aged care (high and low care[11]) is predominantly financed by the Australian Government and is mostly provided by the non-government sector (religious, charitable and private sector providers). State and local governments, with funding from the Australian Government, also operate a small number of aged care homes (see Figure 1.1).

---

[10]   Organisation for Economic Co-operation and Development.

[11]   High level care involves 24 hour care, where nursing care is combined with accommodation, support services, personal care services and allied health services. Low care provides accommodation, support services, some allied health services, and when required, nursing services.

Figure 1.1

Residential aged care providers
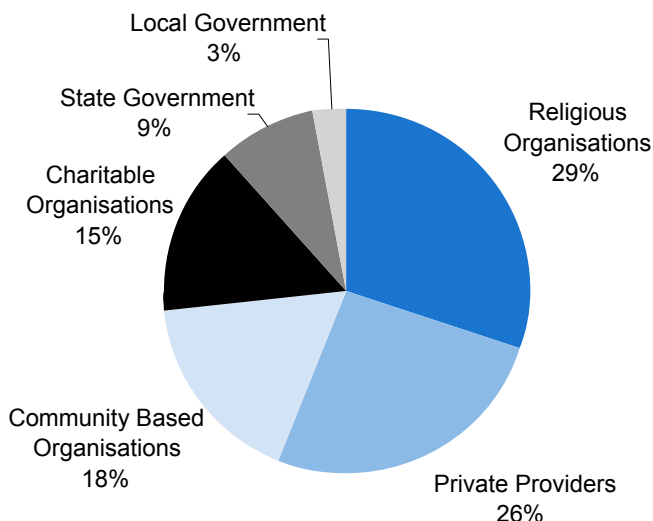
Source: Australian Institute of Health and Welfare.

1.5 As at 31 January 2008, there were nearly 3000 residential aged care homes in Australia providing over 210 000 aged care places.

1.6 The Australian Government's total expenditure on ageing and aged care in 2005–06 was $7.3 billion.[12] The aged care sector is continuing to invest significant funds in new buildings, re-furbishing existing accommodation and upgrading of homes. Building works estimated at $950 million were completed during the 2004–05 financial year and an estimated $1.133 billion was spent on new building works across the aged care sector in 2006–07.[13]

1.7 Over the past three years, DoHA has certified between 50 and 60 homes per year (see Table 1.1).

---

[12]   DoHA website: <http://www.health.gov.au/internet/budget/publishing.nsf/content/health-budget2005-abudget-ageingbooklet.htm> [accessed 16 October 2007].

[13]   DoHA estimate; this amount represents money invested by the aged care sector and the Australian Government.

Table 1.1

New home certification assessments: 1 January 05 to 31 December 07

	NSW	QLD	VIC	TAS	SA	WA	NT	ACT	Total
2005	12	8	24	1	7	3	0	0	55
2006	18	11	20	0	1	3	0	0	53
2007	20	6	16	1	5	8	0	1	57
Total	50	25	60	2	13	14	0	1	165

Source: Source: DoHA.

Legislation

1.8　　In the 1996–97 Budget, the Australian 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 aged care homes.

1.9　　The Package led to the introduction of new legislation — the *Aged Care Act 1997*. The *Aged Care Act 1997* is the umbrella legislation for aged care in Australia. It provides the framework for aged care funding by combining accreditation, building certification, complaints handling and supporting users' rights, the administration of Australian Government funded aged care, and for the obligations of Approved Providers[14] of aged care services.

1.10　　The objects of *Aged Care Act 1997* are:

(a)　　to provide for funding of aged care that takes account of:
　　　－　　the quality of the care;
　　　－　　the type of care and level of care provided;

---

[14]　An Approved Provider is an organisation which has been approved by the Secretary of the Department of Health and Ageing to provide Australian Government funded aged care under the *Aged Care Act 1997*.

       –   the need to ensure access to care that is affordable by, and appropriate to the needs of, people who require it;

       –   appropriate outcomes for recipients of the care;

       –   accountability of the providers of the care for the funding and for the outcomes for recipients;

(b)   to promote a high quality of care and accommodation for the recipients of aged care services that meets the needs of individuals;

(c)   to protect the health and well-being of the recipients of aged care services;

(d)   to ensure that aged care services are targeted towards the people with the greatest needs for those services;

(e)   to facilitate access to aged care services by those who need them, regardless of race, culture, language, gender, economic circumstance or geographic location;

(f)   to provide respite for families, and others, who care for older people;

(g)   to encourage diverse, flexible and responsive aged care services that:

       –   are appropriate to meet the needs of the recipients of those services and the carers of those recipients;

       –   facilitate the independence of, and choice available to, those recipients and carers;

(h)   to help those recipients to enjoy the same rights as all other people in Australia;

(i)   to plan effectively for the delivery of aged care services that:

       –   promote the targeting of services to areas of the greatest need and people with the greatest need;

       –   avoid duplication of those services;

       –   improve the integration of the planning and delivery of aged care services with the planning and delivery of related health and community services;

(j)   to promote ageing in place through the linking of care and support services to the places where older people prefer to live. [15]

Certification

1.11 The certification process has a sound legislative base. The objects of *Aged Care Act 1997* include:

---

[15]   <www.comlaw.gov.au/ComLaw/Legislation/ActCompilation1.nsf/0/D463D92002355168CA2573F60 0193B7F/$file/AgedCare+1997WD02.doc>

- to promote a high quality of care and accommodation for the recipients of aged care services that meets the needs of individuals.

1.12 The *Aged Care Act 1997* sets out the obligations of Approved Providers of aged care services. Part 2.6 of the *Aged Care Act – Certification of residential care services* – is designed to promote aged care industry compliance with certification.

1.13 Certification is linked to a residential aged care facility's revenue and only aged care homes that are certified can ask residents to contribute to accommodation payments. In accordance with part 2.6 of the *Aged Care Act 1997*, Approved Providers can only charge accommodation bonds or accommodation charges or receive concessional resident supplements in respect of a residential care service if the service has been certified.

Accommodation Bonds

1.14 Residents may be asked to contribute to improving building standards and the quality and range of aged care services provided by an aged care home through the payment of an accommodation bond. A bond may only be charged by an aged care home that is certified as meeting minimum building and care standards. The aged care home is entitled to retain an amount from the bond, each year for up to five years. The Australian Government sets a maximum retention amount of $273.50 per month for up to five years with the balance of the bond refunded to the resident, or their estate, on departure. Service providers may also retain any interest they derive from accommodation bonds.

Concessional resident supplements

1.15 Concessional resident supplements are available to Approved Providers as part of the residential care subsidy scheme. The residential care subsidy is a payment by the Australian Government to Approved Providers for providing residential care to residents who have been approved to receive that form of care. It consists of a basic subsidy based on the home's number and mix of residents plus any supplements for concessional residents. The Concessional status of a resident is determined using income and assets criteria.

Links between Certification and Accreditation

1.16 The certification and accreditation processes were designed to complement each other. Certification is linked to the accreditation process

through Part 4 of the Accreditation Standards – Physical environment and safety systems. The Principle states:

> Residents live in a safe and comfortable environment that ensures the quality of life and welfare of residents, staff and visitors.[16]

1.17   Accreditation (see Figure 1.2) was designed to ensure that aged care facilities meet a set of Accreditation Standards, set by the Australian Government. The Aged Care Standards and Accreditation Agency Ltd was established in October 1997 to manage the accreditation process.[17] As part of the accreditation process, the status of a home's building certification is taken into account by the Agency. However, an aged care service does not have to be certified to achieve accreditation.

1.18   The Accreditation Standards, detailed in the *Quality of Care Principles 1997*[18], 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 parts: Part 1 - Management systems, staffing and organisational development; Part 2 - Health and personal care; Part 3 - Resident lifestyle; and Part 4 - Physical environment and safety systems.

---

[16]   The Aged Care Standards and Accreditation Agency website: <http://www.accreditation.org.au/AccreditationStandards> [accessed 14 November 2007].

[17]   ANAO Audit Report No.42 2002–03, *Managing Residential Aged Care Accreditation (The Aged Care Standards and Accreditation Agency Ltd)*.

[18]   Quality of Care Principles 1997. Attorney-General's Department website: <http://frli.law.gov.au/s97.vts?action=View&VdkVgwKey=1998B00264&Collection=FRLI&ViewTemplate= frliview.hts> [accessed16 October 2007].

Figure 1.2

Certification and Accreditation process
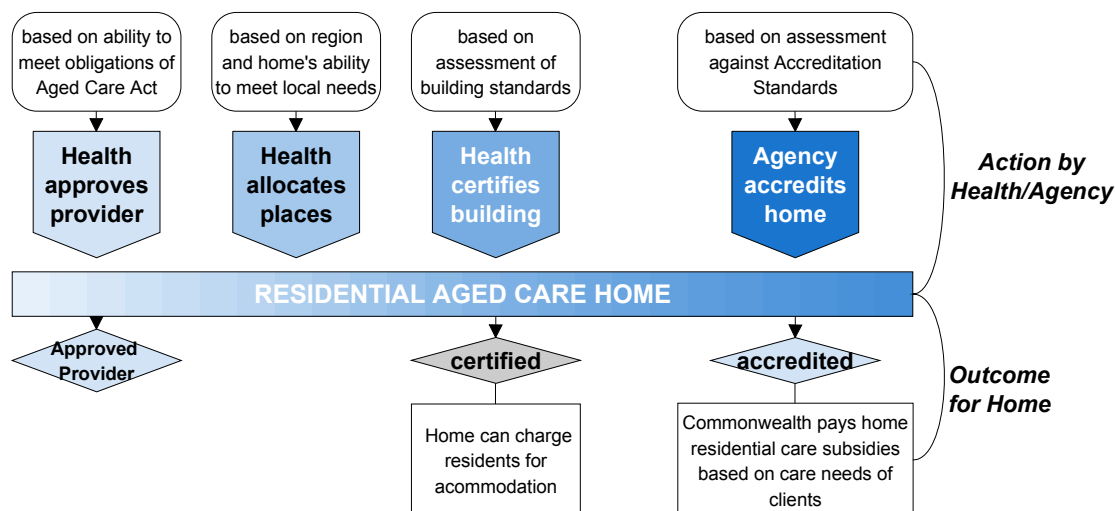
Note: Various levels of government have the authority to legislate and regulate residential aged care.

Source: ANAO analysis.

Regulatory Environment

Certification and links to other regulations

1.19   Although the certification process is intended to complement other regulatory requirements, like accreditation, it does not remove or change an aged care Approved Provider's mandatory obligations to comply with all State, Territory and local government laws relating to aged care homes.

1.20   Certification is based on the Building Code of Australia (BCA)[19], although it does not replicate the BCA. The BCA is produced and maintained by the Australian Building Codes Board (ABCB) on behalf of the Australian Government and State and Territory Governments. The BCA has been given the status of building regulations by all States and Territories.

1.21   In some cases, the required building standards for certification exceed State, Territory and local government requirements and regulations, for example in the area of fire safety.

---

[19]   Australian Institute of Building website: <http://www.aib.org.au/buildingcodes/bca.htm> [accessed 17 October 2007].

Certification Assessment Instrument

1.22 The certification of aged care homes is required to be undertaken by an independent person or body using an assessment tool approved by the Secretary of the Department of Health and Ageing (DoHA). The assessment tool includes the aspects listed in the *Certification Principles 1997*[20] made under the *Aged Care Act 1997*.

1.23 To achieve certification, an aged care facility must demonstrate in an on-site building inspection that it has achieved specified building quality measures in seven sections: fire safety; hazards; privacy; access; heating and cooling; lighting and ventilation; and security. A Certification Assessment Instrument[21] is used for this purpose, currently the 1999 Certification Assessment Instrument.

Quasi-regulation

1.24 Building certification is not mandatory, however, only those residential aged care homes that are certified can charge accommodation bonds and have access to additional streams of recurrent government funding. In this regard, the certification program for aged care buildings is an example of a 'quasi–regulatory' arrangement being used to achieve aged care policy objectives.

1.25 Quasi–regulation coves a wide range of arrangements where government influences business to comply, but which do not form part of explicit government regulation. This includes the certification program where compliance with building standards is a precondition for aged care service providers receiving other government benefits.[22]

---

[20] The *Certification Principles 1997* deal with a number of aspects of the certification process such as the handling of applications, considerations to be made by the Secretary, assessments of residential aged care homes and the charging of fees. ComLaw website: <http://www.comlaw.gov.au/ComLaw/Legislation/LegislativeInstrumentCompilation1.nsf/0/A1626FF2271 0E84ECA256F9D00830381?OpenDocument> [accessed 3 March 2008].

[21] Qualified building professionals who are independent of DoHA carry out building inspections known as 'certification assessments' against a Certification Assessment Instrument.

[22] Regulation is a term covering a diverse set of instruments used by government to influence the way people and businesses behave in order to achieve economic, social or environmental policy objectives. As well as establishing regulation explicitly through legislation, governments also achieve policy objectives by establishing incentives for businesses to comply with rules that may not be legally binding. These types of arrangements are referred to as 'quasi–regulation'. A discussion of the various forms of regulation, including examples, can be found in Office of Best Practice Regulation, Best Practice Regulation Handbook, Appendix A, Canberra, 2008.

10 year forward plan

1.26   In 1999, as part of DoHA's continuous improvement process for residential aged care homes, a *10 Year Forward Plan* for an incremental approach to improvements in building quality was agreed with aged care industry representative groups. The objective of the certification plan is to encourage improvement to the safety and amenity of aged care buildings beyond the legislated requirements of State, Territory and local governments.

1.27   The *10 Year Forward Plan* gives Approved Providers a framework of minimum standards and set targets for all aged care homes to:

- achieve mandatory fire safety standards; and

- meet specific privacy and space requirements.

1.28   The plan incorporated a December 2003 target for fire safety. This target was extended, with 80 per cent of homes compliant by the revised target of December 2005.[23] There is also a 2008 target, addressing privacy and space requirements.

DoHA's role

1.29   Department of Health and Ageing (DoHA) is responsible for ensuring that Approved Providers meet their obligations under the *Aged Care Act 1997.* The oversight function and policy formulation aspects of the certification program are managed from DoHA's Central Office within the Ageing and Aged Care Division (AACD), with day-to-day administration undertaken by the department's State/Territory Offices (STOs).

The audit

Audit scope

1.30   The focus of the audit was DoHA's administration of the certification process, including procedures and systems that the department employs to gain an assurance of legislative compliance. The audit did not seek to validate assessments made under the program by DoHA's contracted assessor and, therefore, does not form an opinion on whether residential aged care homes should or should not have been certified.

---

[23]   DoHA advised that, as at February 2008, 60 of the nearly 3000 residential aged care homes have not yet met the higher certification program standards for fire and safety.

Audit objective and criteria

1.31 The objective of the audit was to assess DoHA's administration of building certification of residential aged care homes. The ANAO examined DoHA's arrangements to:

- plan for, and report on, the certification program;

- manage the delivery of certification services; and

- manage stakeholder relations.

Audit methodology

1.32 The audit methodology included:

- interviewing key personnel, at DoHA's Central Office (CO) and at three State/Territory Offices (STOs);

- interviewing key personnel within the contracted assessor;

- interviewing stakeholders, including representatives from Approved Providers, Peak Bodies[24] and industry representatives such as architects, building engineers, and Building Code of Australia building assessors;[25]

- analysing certification data;

- testing a selection of certification decisions to assess DoHA's compliance with its obligations under the legislation;

- reviewing relevant documentation, including policies, procedures and correspondence;

- visiting aged care homes;

- accompanying assessors conducting certification tasks; and

- reviewing relevant literature.

1.33 The audit was conducted in accordance with ANAO Auditing Standards at a cost of $340 000. A consultant firm, WalterTurnbull, assisted with the conduct of the audit.

---

[24] Peak Bodies are independent organisations dedicated to fostering professionalism and excellence in aged care. They also represent and lobby on behalf of Approved Providers in aged care issues.

[25] Building Code of Australia (BCA) assessors are also called building certifiers, and are Industry professionals engaged in providing certification for aged care facilities against the BCA. They are not the DoHA contracted assessors as part of the DoHA certification process.

Report structure

1.34   The report is divided into the following chapters:

- Chapter 1: Introduction;

- Chapter 2: Planning and Reporting on the Certification Program;

- Chapter 3: Managing the Delivery of Certification Services; and

- Chapter 4: DoHA's Management of Stakeholder Relations.

2. Planning and Reporting on the Certification Program

The arrangements used by DoHA to plan for, and report on, trends in the physical quality of Commonwealth funded aged care facilities are assessed in this chapter. DoHA's approach to managing the risks associated with its building certification program is also examined.

Planning and reporting regime

2.1   One of the main elements of sound governance is an effective planning and reporting regime. Such a regime provides a framework within which an organisation operates to achieve its objectives. Being clear on goals, allocating responsibilities, setting timeframes and reporting against performance indicators, provides the basis for assessing performance. Planning should also address the risks to the successful implementing of a program.

Approach to Risk Management

2.2   Managing risk involves systematically identifying, analysing and mitigating risks which could prevent an agency from achieving its business objectives. Risk management includes putting control activities in place to manage risk throughout the organisation by developing risk management plans. The ANAO assessed whether DoHA had a structured and systematic approach to risk management in relation to the certification program.

2.3   DoHA has departmental and divisional Risk Management Frameworks. However, it does not have a risk plan specific to building certification that would enable the department to formally identify, assess, treat, and monitor the risks associated with this program. Risks such as homes not meeting the established deadlines, home closures due to failing certification requirements, and potential stakeholder dissatisfaction were not identified and documented in a risk management plan. Instead, DoHA addressed major risks as they materialised over the life of its *10 Year Forward Plan* for building certification. Three examples are provided below.

2.4   DoHA's decision to offer voluntary assessments to homes with lower certification scores from the initial round of assessment was intended to provide early warning to homes and minimise the risk of not meeting the higher targets. DoHA also undertook a process to identify and actively manage

those homes assessed as high risk in terms of meeting the 2003 fire safety deadline.

2.5   A third example is DoHA's response to the difficulties experienced by the aged care sector in 2006 in meeting the newly developed Building Code of Australia (BCA) 9c classification for the design and construction of aged care homes[26] – the BCA classification 9c specifically relates to building standards in aged care facilities. At the time, newly constructed homes were failing certification assessments. Once the adverse implications for the establishment of aged care homes were recognised, DoHA responded quickly to the situation with a series of seminars in all capital cities to promote and explain the 9c classification.

2.6   The ANAO suggests that, in progressing arrangements for any future certification program, DoHA documents its approach to managing the risks including the identification, assessment, ranking, treatment, monitoring and review of these risks.

Certification aims

2.7   The *Aged Care Act 1997* introduced a national quality assurance framework for residential aged care, combining accreditation, building certification, complaints handling and supporting users' rights. The objects of *Aged Care Act 1997* include:

> to promote a high quality of care and accommodation for the recipients of aged care services that meets the needs of individuals.

2.8   The objective of the certification program is to encourage improvement to the safety and amenity of aged care buildings beyond the legislated requirements of State, Territory and local governments. The specific aims for the certification of aged care facilities are to:

• improve the physical quality of Commonwealth funded aged care homes;

---

[26]   The revision of the 1999 Certification Assessment Instrument (the Instrument) was a result of the introduction of the Building Code of Australia (BCA96), the 9c building classification, and feedback from industry, assessors and providers. This feedback highlighted a number of areas of the Instrument that needed clarification for the purpose of providing transparency and direction of the expected outcomes of an assessment. These Guidelines have been developed to assist service providers and their building professionals to understand the certification process and the scoring system used in the revised Instrument.

- complement the accreditation process through its focus on the standard of accommodation;

- provide access to capital funding streams through eligibility for accommodation bonds/charges and concessional resident supplements;

- encourage continuous improvement in the physical quality of aged care homes; and

- ensure that minimum building quality standards are met.[27]

2.9 In examining DoHA's strategic and operational planning and reporting of the certification program, the ANAO reviewed the department's: certification plans; performance information and reporting; and approach to risk management.

Certification plans

2.10 The two key accountability documents for each government portfolio are Portfolio Budget Statements (PBS) and Annual Reports. Each Commonwealth agency is required to provide Parliament with sufficient information in its PBS to explain its resourcing and proposed performance in relation to outcomes and outputs. DoHA's certification program is located in DoHA's Outcome 4 – Aged Care and Population Ageing. The outcome statement for DoHA's Outcome 4 is:

> Older Australians enjoy independence, good health and wellbeing. High quality, cost-effective care is accessible to frail older people, and their carers are supported.[28]

2.11 The strategic planning frameworks of agencies commonly include operational plans. Operational plans are usually more detailed plans. Typically, they describe specific activities of the agency intended to give effect to specific strategies and priorities. Operational plans usually set key milestones and target dates for the achievement of results. These plans are normally reviewed on an annual basis. In the case of certification, DoHA has a *10 Year Forward Plan* designed to give effect to the aims identified for the program.

---

[27]   DoHA website: <http://www.health.gov.au/internet/wcms/publishing.nsf/Content/ageing-certification-program.htm> [accessed 18 October 2007].

[28]   *Portfolio Budget Statements 2007–08, Health and Ageing Portfolio, Budget Related Paper No. 1.12*, May 2007, p. 87.

DoHA's 10 year forward plan

2.12 The objective of DoHA's *10 Year Forward Plan* is to drive improvements in the physical quality of residential aged care services through the establishment of a set of national standards, compliance with which provides access to recurrent streams of funding to finance further improvements. Key elements of the plan are to improve the adoption of fire and safety standards in the medium term and privacy and space standards in the longer term. Fire safety, privacy and space requirements are outlined at Table 2.1.

Table 2.1

Fire safety, privacy and space requirements

Topic	Aspects covered in 10 Year Forward Plan
Fire/ Building Safety	This considers standards in relation to fire/ building safety, including: the provision of adequate passive fire and smoke protection including fire and smoke compartmentation/separation; the provision of adequate active fire fighting suppression equipment including sprinklers, hose reels, extinguishers, hydrants; suitable access and egress provisions including the distribution, location, identification and function of exit doors and escape routes; and the provision of suitable alarm and detection systems including smoke and heat detectors and staff call systems. **Supplementary advice from DoHA**: DoHA advised that the fire safety measures are focused on reducing the spread of fire and successful evacuation of residents and staff rather than removing the risk of fire entirely. The accreditation outcomes also focus on preparedness and evacuation. The effect of certification on resident safety is better characterised in the way Approved Providers and staff respond to fire and other emergencies, and safely and successfully remove residents from harm.
Privacy	Whether the residential aged care service provides adequate privacy for residents, with regard to: the number of beds within each room; the privacy afforded to residents in bedrooms and special use rooms; the number, configuration and distribution of toilets and showers; and the appropriate privacy screening of toilets and showers.
Space	Whether the residential aged care service has adequate facilities to enable residents to move freely within the buildings. Aspects considered include: the adequate provision of lifts; ramps and grab rails; space in corridors and communal areas; and issues relating to human engineering (for example, the type and suitability of doors, tap handles and light switches).

Source: DoHA.

10 Year Forward Plan targets

2.13 The *10 Year Forward Plan* provided direction for DoHA, industry and Approved Providers with the ultimate goal of meeting set targets by nominated calendar deadlines. The plan incorporates:

- a December 2003 target date for meeting fire safety standards; and

- a December 2008 target date for meeting privacy and space standards.

Fire safety

2.14 Residential aged care buildings operated by Approved Providers were expected to meet the 2003 target for fire safety. This means that they were expected to achieve a mandatory score of 19 out of a maximum possible 25 points for fire safety. To achieve certification they also required an overall minimum score of 60 out of 100 possible points (see Table 3.1 in Chapter 3 of this audit report for a summary of the Certification Assessment Instrument).

Privacy and space

2.15 The privacy and space targets relate to the number of residents per room, and access to toilets and showers. The privacy and space target applies to all new buildings since July 1999. For services existing before July 1999, the privacy and space targets are to be met by the end of 2008. DoHA's *Residential Care Manual* outlines the privacy and space standards and targets for residential aged care buildings operated by Approved Providers as follows.

- Buildings built since July 1999

  - Number of residents per room

    ○ There is a mandatory maximum average for the whole service of 1.5 residents per room and no individual room may accommodate more than 2 residents. Rooms for up to 4 residents may be approved in special circumstances.

  - Access to toilets and showers

    ○ There is a mandatory standard of no more than 3 residents per toilet and no more than 4 residents per shower. These standards apply to each floor, wing or separate part of a service to ensure that all residents have the same level of access. Staff toilets will not be counted when these averages are calculated.

- Building built before July 1999

  - Number of residents per room

    ○ There will be a mandatory requirement for a maximum of 4 residents in any room. It is expected, however that providers will strive to meet the optimal targets of a maximum of 2 residents per room.

– Access to toilets and showers

○ There will be a mandatory standard of a maximum of 6 residents per toilet, including those off common areas, and a maximum of 7 residents per shower by 2008. Staff toilets and showers will not be counted when these averages are calculated.

2.16 The following table outlines progress against DoHA's *10 Year Forward Plan* targets.

Table 2.2

10 Year Forward Plan target deadlines

Deadline	Status?	THE ANAO Comment
October 1997 - Initial certification	Implemented	All aged care facilities that chose to be certified were certified by DoHA.
December 2003 - Fire safety	Partially addressed	At December 2003, over 50% of homes had either not achieved the required fire safety score or had not been assessed against the 1999 Instrument. The deadline was extended to 2005 to allow industry to comply.
December - 2005 Fire safety	Partially addressed	At December 2005, around 20% of homes did not achieve the required fire safety score. The non-compliant aged care facilities were individually case managed by DoHA.*
December 2008 - Privacy and space	Pending	DoHA continues to manage the certification program to meet the privacy and space deadline.

*DoHA advised that, as at February 2006, 60 of the nearly 3 000 residential aged care homes have not yet met the higher certification program standards for fire and safety.

Source: ANAO analysis from DoHA information.

Performance information and reporting

Performance information

2.17 Performance information is most effective where it provides comprehensive and balanced coverage of the outcomes and outputs of an agency, through the specification of a concise set of performance indicators. These indicators should be easy to understand and clearly defined, and enable comparison of performance against targets or activity levels.

2.18 The accuracy and relevance of performance measures for individual programs is vital in assisting agencies to determine the success of government initiatives and the effectiveness of their administration. Quantity measures usually take the form of the number of discrete deliverables or capacity provided. Quality measures are usually defined as service standards set around customers' expectations.

2.19 DoHA does not include performance information specific to building certification in its Portfolio Budget Statements. DoHA's single performance measure for the certification of residential aged care facilities is linked to the department's *10 Year Forward Plan*.

10 Year Forward Plan performance measures

2.20 The certification program sits within a hierarchy of objectives. The objects of *Aged Care Act 1997* include: *to promote a high quality of care and accommodation for the recipients of aged care services that meets the needs of individuals*. The objective of DoHA's *10 Year Forward Plan* is to encourage improvement to the safety and amenity of aged care buildings beyond the legislated requirements of State, Territory and local governments.

2.21 The key indicator for success for the certification program is found in DoHA's *10 Year Forward Plan* and focuses primarily on the numbers of residential aged care facilities certified by the documented timeframes. That is, the number of residential aged care homes that meet recognised fire, safety and privacy standards.

2.22 DoHA's current performance measure is both a quantity indicator and a high-level quality indicator. The indicator provides sufficient information to assess the extent to which certification has achieved pre-determined targets. It is also an aggregated measure of quality, specifically the extent to which certification embodies recognised building standards.

2.23 DoHA's measurement of the impact of the certification program could be enhanced to better capture its contribution the objects of the *Aged Care Act 1997*. DoHA would be better informed in its program management if it were to supplement its single performance measure relating to the number of homes certified with additional information, differentiated appropriately to address critical areas of high quality accommodation and amenity, such as fire safety, and privacy and space.

2.24 Balanced sets of performance information aid program management as they provide more comprehensive information for decision makers, and enable

the investigation of the interactions and inter-relationships between factors that influence outcomes. For example, surveys of Approved Providers could establish the contribution of certification on resident safety through the capability of service providers and staff to respond to fire emergencies, and safely remove residents from harm.

2.25 Customer satisfaction, although less tangible, can also be used to assess the quality of a service. DoHA could, for example, collect feedback via surveys from residents (who pay the accommodation bond) on their experience of the privacy and space standards. Recording and reporting trends in the feedback from residents of their experience of the privacy standards would be an enhanced measure of quality.

Performance reporting

2.26 Performance information is used by agencies for both external and internal reporting. External reports, particularly Annual Reports, focus on the achievement of outcomes and outputs and allow Parliament and other stakeholders to fully understand results over time. Internal reports include information which supports management monitoring of operations and decision-making.

2.27 Certification is briefly mentioned in DoHA's 2006–07 Annual Report. The indicator reported is that, at June 2007, 96.3 per cent of residential aged care services met the required minimum building standards.

2.28 Internally, DoHA maintains data on the number of residential aged care facilities certified against calendar deadlines and quantitative statistics such as the number of inspections conducted. For example, DoHA statistics indicate that:

- the number of homes declaring non-compliance with State, Territory and local government fire and safety regulations fell from around 360 in 2003 to one in 2007;

- 60 of the nearly 3 000 residential aged care homes have not yet met the higher certification program standards for fire and safety (in all cases major building and rebuilding works are in train and DoHA expects compliance to be attained);

- the ratio of residents to rooms has improved from a ratio of 1.57 in July 1999 to 1.19 in December 2006; and

- in 2006–07, an estimated total of $1.133 billion of new work was completed across the aged care industry involving around 15 per cent of all aged care homes.

2.29 In order to enhance internal program management and stakeholder understanding of the effectiveness of the certification program, there would be benefits in DoHA developing a more effective performance information framework. Monitoring trends over time against enhanced effectiveness measures would assist internal decision making and provide more comprehensive information on program outcomes.

Review and evaluation

2.30 Review and evaluation are important elements of managing government programs. As a result of increasing demands on public funds and greater public scrutiny of government programs, the focus of evaluations includes how well resources are being used and the impact of the program on the target group and other stakeholders.

2.31 The benefits in undertaking evaluations include: a better understanding of the achievements of a program; clarification of performance information; and an assessment of the continued relevance and priority of a program in the light of current circumstances.

2.32 The certification program has been in operation since 1997 and is expected to be reviewed in 2008. In considering the design of any of any future program to maintain and improve the physical standards of residential aged care buildings, it is timely for DoHA to evaluate the effectiveness of the current program and the lessons learned from its operation during the past ten years.

Recommendation No.1

2.33 The ANAO recommends that DoHA refines its performance information framework for the building certification program. Monitoring trends over time against a balanced set of effectiveness measures would assist internal decision making and provide more comprehensive information on program outcomes.

DoHA's response

2.34 Agreed.

3. Managing the Delivery of Certification Services

DoHA's management of the certification program for residential aged care buildings is examined in this chapter; including the department's approach to complying with key legislative requirements for the assessment, notification and review of certification status. The guidance provided by DoHA to assist its staff to administer the certification program is also examined.

Legislative obligations

3.1 The certification process has a sound legislative base. The *Aged Care Act 1997* (the Act) – *Part 2.6, Certification of residential care services* – is designed to promote aged care industry compliance with certification. Only if a residential aged care service has been certified under Part 2.6 of the Act, may an Approved Provider charge an accommodation bond or an accommodation charge.

3.2 The legislation provides for particular matters to be dealt with in certification principles. The Act and associated *Certification Principles 1997* combine to inform DoHA's certification processes.

3.3 The legislation and related principles:

- establish a number of procedural matters, such as the form of an application;

- provide for the DoHA Secretary to approve the assessment form and method of evaluation;

- provide for the DoHA Secretary to require a residential care service to be assessed by an authorised independent person or body;

- establish timeframes for specific certification tasks, such as 90 days for the DoHA Secretary to notify a residential care service provider whether it has been certified; and

- allow the DoHA Secretary to, at any time, review the certification status of a residential care service.

3.4   To assess DoHA's administration of the certification program, the ANAO reviewed a random selection of Residential Aged Care Service (RACS) files from three State and Territory Offices (STOs) and Central Office. In order to assist compliance with relevant legislation and to enhance efficiency, DoHA has:

- included checklists for delegate sign-off that covered legislative obligations; and

- maintained files for each Approved Provider with copies of relevant documentation.

3.5   To assess if DoHA's administration of the certification program met its legislative obligations under the *Aged Care Act 1997*, the ANAO also reviewed key stages in the certification process including:

- the assessment form used to determine whether an aged care facility meets specified building standards and the method of evaluation;

- following evaluation, notifications by the Secretary of DoHA of certification determinations; and

- reviews undertaken by DoHA to determine the certification status of previously certified facilities.

3.6   The oversight function and policy formulation aspects of the certification program are managed from DoHA's Central Office (CO) within its Ageing and Aged Care Division (AACD), with day-to-day administration undertaken by small teams in DoHA's STOs. Providing specific guidance on how to administer a program helps to ensure that decision-making is consistent. Given the devolved nature of the program the ANAO also examined the guidance provided by DoHA to assist its staff to manage the certification program.

The certification assessment form and method of evaluation

Certification Assessment Instrument

3.7   The certification of aged care homes is required to be undertaken by an independent person or body using an assessment tool approved by the Secretary of DoHA. The assessment tool includes the aspects listed in the *Certification Principles 1997* made under the *Aged Care Act 1997*.

3.8 To achieve certification, an aged care facility is inspected and scored using a Certification Assessment Instrument[29] to determine if it meets certain minimum building standards relating to seven sections: fire safety; hazards; privacy; access; heating and cooling; lighting and ventilation; and security.

3.9 The 1997 Instrument was developed by DoHA in consultation with industry and used for the initial certification inspections. By the end of 1997, all Approved Providers who chose to seek certification were certified.[30]

3.10 In line with the *10 Year Forward Plan* and the objective of continuous improvement, the 1997 Instrument was revised with new benchmarks set for building quality in relation to fire safety in a 1999 Instrument. In early 1998, the Committee for the Quality of Aged Care Accommodation supervised a review of the 1997 Certification Assessment Instrument. As a result of this review a new assessment instrument was developed – the 1999 Certification Assessment Instrument. See Table 3.1 for a summary of the Certification Assessment Instrument.

3.11 Under the 1999 Certification Assessment Instrument, residential aged care services are awarded points against the seven sections of the instrument to produce an overall weighted score.[31] To achieve certification, a mandatory score of at least 19/25 for fire safety and an overall minimum score of 60/100 is required. This means that Approved Providers can be certified while not meeting all the requirements. However, DoHA advised that it encourages Approved Providers to continue to make improvements towards achieving a maximum score.

---

[29] Qualified building professionals who are independent of DoHA carry out building inspections known as 'certification assessments' against a Certification Assessment Instrument.

[30] Certification is not mandatory, however only those residential aged care homes that are certified can charge accommodation bonds and have access to additional streams of recurrent Government funding.

[31] DoHA website: <http://www.health.gov.au/internet/wcms/publishing.nsf/content/ageing-certification-buildqual.htm~ageing-certification-buildqual07.htm> [accessed 17 October 2007].

Table 3.1

1999 Certification Assessment Instrument

Section of the instrument	Aspect of building quality	Maximum possible points
Section 1	Fire safety	25 points
Section 2	Hazards	12 points
Section 3	Privacy and Space	26 points
Section 4	Access, mobility and occupational health and safety	13 points
Section 5	Heating/cooling	6 points
Section 6	Light/ventilation	6 points
Section 7	Security	12 points

Source: DoHA website: http://www.health.gov.au

3.12 The 1999 Certification Assessment Instrument was last revised in November 2002.[32]

Authorised independent assessor

3.13 Since 1997, DoHA has delivered the inspection services of the program through a contracted arrangement with a private sector organisation with expertise in the building industry. This contracted assessor is responsible for providing certification assessment of the physical standard of Australian Government funded residential aged care services at the premises of the aged care service using DoHA's 1999 Certification Assessment Instrument (November 2002 Revision) or any subsequent version of the Certification Assessment Instrument.'[33]

3.14 The contract further outlines a detailed list of services to be delivered including, 'the services that the Contractor must provide at DoHA's request are made by official order:

  a) certification assessments of all new aged care services;

  b) reviews of the certification status of existing age care services under section 39–4 of the Act; and

---

[32] The revision of the 1999 Certification Assessment Instrument (the Instrument) was a result of the introduction of the Building Code of Australia (BCA 96), the 9c building classification, which specifically relates to building standards in aged care facilities.

[33] Deed between the Australian Government of Australia acting through the department of Health and Ageing and CH Group Pty Ltd for the provision of Certification Assessments and Technical Support, December 2004, Schedule 2 Services: Element 1, p. 22.

   c)   any other assessments and/or additional services required by DoHA.'[34]

Contract variations

3.15   Assessments authorities are contracted through an open tender process and in the life of the program there have been three companies contracted to provide certification assessment and technical support services for the certification program.

3.16   The arrangement with the current contracted assessor was due to expire in June 2007. The original Deed of Standing Offer allowed for an extension to 31 December 2007 which was agreed to between DoHA and the contracted assessor in March 2007.

3.17   There was a further extension to the contract to December 2008, to provide for certification assessments by the contracted assessor until the end of the *10 Year Forward Plan.* DoHA's decision to re-engage the current contracted assessor for a further year was based on internal legal advice. [35]

3.18   Division 8–Mandatory Procurement Procedures of the Australian Government Procurement Guidelines (CPGs), '…outlines the Australian Government's mandatory procurement procedures which must be followed by agencies when conducting covered procurements. *Covered procurements* are procurements, other than those which the Government has decided are exempt…'[36]

3.19   By seeking to solely retain the services of the current contracted assessor, DoHA bypassed 'open tendering'[37] and chose direct sourcing. Direct sourcing, is a procurement process, available only under certain defined circumstances, in which an agency may contact a single potential supplier or suppliers of its choice and for which only a limited set of mandatory procurement procedures apply. CPGs state that an agency may only conduct procurement through direct sourcing in very specific circumstances. [38]

---

[34]   ibid.

[35]   DoHA file records.

[36]   Department of Finance and Administration website: <http://www.finance.gov.au/procurement/cpgs_mpp.html#DirectSourcing> [accessed 23 November 2007].

[37]   An open tender process involves publishing a request for tender and accepting all submissions received before the deadline for submissions from any potential suppliers who satisfy the conditions for participation.

[38]   Department of Finance and Administration website: <http://www.finance.gov.au/procurement/cpgs_mpp.html#DirectSourcing> [accessed November 2007].

3.20   During the audit, DoHA instituted a formal Request for Quotation process in line with CPGs requirements.

DoHA's monitoring of the performance of the contracted assessor

3.21   There was evidence of specific monitoring by DoHA of the contracted assessor. DoHA also uses the contracted assessor as its industry expert for advice on the program and the assessor worked cooperatively to deliver training to the industry in 2006.

Notification of the Secretary's determination

3.22   Under section 38–6(1) of the *Aged Care Act 1997*:

> The Secretary must notify the applicant, in writing, whether the residential care service has been certified. The notice must be given:
>
> (a)   within 90 days of receiving the application; or
>
> (b)   if the Secretary has requested further information under section 38–5, within 90 days after receiving the information.[39]

3.23   In 1997, DoHA had a significant task to assess nearly 3000 aged care homes within the required timeframe. In the initial stages of certification delays occurred in processing applications and the 90 day timeframe was exceeded on a number of occasions. This was in part due to the number of applications needing to be processed but also because of changes in the policy and direction of the program delayed the proclamation of legislation. The date for the introduction of the *Aged Care Act 1997* was deferred from 1 July 1997 to 1 October 1997 and applications received prior to 1 July 1997 in anticipation of approval prior to that date were held over. Since 1997, notification timeframes have been adhered to by DoHA.

Reviews of Certification status

3.24   The *Aged Care Act 1997* provides for DoHA to review the certification status of a residential aged care facility. The triggers identified in s39–4 are:

• upgrading building works including works that require local building authority approvals;

• failure to provide an annual Fire Safety Declaration form;

• an Agency referral in relation to non-compliance against Standard 4;

---

[39]   *Aged Care Act 1997*.

- information obtained through the Complaints Resolution Scheme;

- information from appropriate fire and regulatory authorities which may indicate concerns with regulatory issues;

- identification of 'high risk' residential aged care services which may have non-compliance across a number of outcomes or other issues which may indicate broader concerns with the service;

- a departmental visit;

- a services poor certification history; or

- other relevant matters that may be considered.[40]

3.25 Accordingly, the department may review the certification status of a home at any time based on consideration of its suitability. In undertaking a review, DoHA must follow a number of procedural steps:

> The Secretary must give notice, in writing, to the Approved Provider of the review at least 5 business days before the review commences.

> For the purposes of the review, the Secretary may require the residential care service to be assessed by a person or body authorised by the Secretary.

> The assessment may relate to any aspect of the residential care service that the Secretary considers relevant to the ongoing suitability of the service for certification.

> The Secretary must, within 28 days after completing the review, notify the Approved Provider, in writing, of the result of the review.[41]

3.26 In the majority of cases reviews are conducted where homes have been extended or substantially refurbished, or have not met certification requirements, for example fire and safety. Reviews are conducted at the department's expense and its State/Territory Offices (STOs) must seek authority from Central Office (CO) for expenditure as the budget is held centrally.

3.27 There were occasions of inconsistent application of review criteria by STOs due to a level of uncertainty about when to conduct a review. DoHA records show that CO has had ongoing concerns over the STOs management of the review process. To encourage a consistent approach CO has provided STOs

---

[40] *Aged Care Act 1997*.

[41] ComLaw website: *Aged Care Act 1997 Section 39-4 Review of Certification* <http://www.comlaw.gov.au/ComLaw/Legislation/ActCompilation1.nsf/0/E52B7F6779C3D44DCA257317 0004C68D/$file/AgedCare+1997WD02.doc> [accessed 5 November 2007].

with guidance on the triggers for a review under s39–4 of the *Aged Care Act 1997*.

3.28 Inconsistent application of the review process has resulted in some confusion amongst Approved Providers and concerns regarding the differing certification compliance applied by DoHA through the STOs. Ongoing clarification of the circumstances which trigger a review is important to the integrity of the certification process.

Guidance to DoHA staff including STOs

3.29 Establishing and publishing standard operating procedures for certification requirements, including decision making, and training staff in their use, enhances:

• operational efficiency;

• consistency in the execution of certification requirements; and

• stakeholder confidence that certification activities are conducted in accordance with legislative requirements and reflect better practice.

3.30 Well written operating procedures provide clarity and predictability for service providers about how certification requirements can be expected to be administered. Regularly updating operating procedures provides assurance that procedures continue to reflect lessons learned.

3.31 The management of the certification program is performed by CO in relation to policy, overall standards, templates, guidelines and management of the contracted assessor. DoHA's STOs are responsible for the day-to-day engagement with Approved Providers including receipting the applications, organising the inspection visits and monitoring progress in meeting certification requirements.

3.32 The range of guidance material developed by DoHA for the certification program is comprehensive and well used by staff and industry. In order to manage certification, DoHA has produced:

• Certification Procedures for Residential Aged Care Services - The 'Blue Book';

• DVD – 'Building Quality for Residential Care Services – Certification 2005';

- Aged Care Certification Guidelines 2002 – including an explanation of the 1999 instrument and scoring; and

- Case Management Guidelines.

3.33 DoHA maintains a web site with copies of the relevant documentation plus:

- information about the *10 Year Forward Plan*;

- fact sheets;

- guidelines and forms for Approved Providers; and

- information for residents, their families and friends.

3.34 STOs also have guidelines for case managing high risk homes which include a range of activities to be completed to ensure regular monitoring.

3.35 Ongoing education, as well as opportunities for debate on the key technical aspects of the assessment Instrument and its interpretation, is supported by Approved Providers and the wider industry.

Management of the one-off payment

3.36 The 2004 *Review of Pricing Arrangements in Residential Aged Care*[42] estimated that the aged care sector would need $10.3 billion to service its capital requirements over the next decade. Without additional assistance, public and private capital contributions would have amounted to $9.1 billion.

3.37 In June 2004, the Australian Government announced a $2.2 billion package *Investing in Australia's Aged Care: More Places, Better Care*. This package included a $513.3 million one-off payment to Approved Providers ($3500 per resident) in June 2004.

3.38 The funding was provided by the Commonwealth Government for:

- improvements to meet fire safety standards;

- investment in building upgrades to meet the benchmarks of the *10 Year Forward Plan*; and

- ensuring high care residents are accommodated in buildings of the appropriate building classification.

---

[42] This review, conducted by Professor Warren Hogan, examined the longer term prospects of residential aged care services with particular respect to future arrangements for private and public funding, performance improvement in the industry, and longer term financing.

3.39 The one-off payment of $3 500 per resident was provided to address a number of matters, including assisting with some of the cost of upgrading aged care services to meet the 2003 fire safety requirements and 2008 privacy and space requirements. The additional funding was not intended to cover the entire cost of upgrading and maintenance work. This payment was in addition to bonds and supplements available to Approved Providers who operate certified homes.

3.40 The one-off payment was made to Approved Providers in the form of a subsidy, and as such, there is no legislative basis for the Commonwealth to ask for an acquittal of the money spent, nor does it allow the Commonwealth to recover unexpended funds not applied to specific initiatives.

3.41 The payment was intended to recognise the cost to Approved Providers of improving building safety. It was acknowledged at the time that many Approved Providers had already taken action to meet all certification requirements, but these Approved Providers were equally entitled to the subsidy retrospectively. The subsidy was to be applied to:

- updating or improving fire safety standards, including upgrading existing fire safety equipment to meet State and Territory regulatory requirements, to achieve a score of at least 19/25 against the 1999 Certification Assessment Instrument, including:
  - installation of fire sprinklers;
  - updating or improving fire safety equipment;
  - engaging the services of professional fire safety consultants to advise on possible improvements in fire safety measures to ensure the money is appropriately utilised;

- ensuring that high care residents, including residents who are ageing in place, are accommodated in buildings of the appropriate building classification;

- where fire safety requirements (including compliance with all relevant State/Territory/local government safety requirements) and the 2008 certification requirements had been met the payment could be used for:
  - improving the quality and range of aged care services; and/or
  - retiring debt related to residential care.

3.42 In 2006, DoHA introduced, through the annual Fire Safety Declaration, a process whereby Approved Providers could broadly indicate if they had

expended, partially expended or were yet to expend the one-off payment.[43] Approved Providers could also indicate if the payment had been expended prior to current ownership. As at 31 December 2006, DoHA advised 2304 homes had fully expended the one-off payment, 453 had partially expended and 79 were yet to expend the funds.

3.43 Although the one-off payment was made in 2004, around 60 homes, have not as yet complied with the 1999 Instrument in relation to fire safety and Approved Providers indicated that approximately 300 facilities are not expected to meet the 2008 privacy and space requirements.

Ongoing workload

3.44 In preparation for the end of the *10 Year Forward Plan* in December 2008, CO has initiated identification and reporting on those Approved Providers who may not comply with the 1999 fire safety and privacy and space requirements. This approach will assist STOs to understand and manage future possible workload for these Approved Providers as well as provide DoHA with an early indication of any significant problems. There has been ongoing engagement between the STOs and CO to confirm the list of potentially non-compliant homes and agree on activities to work with Approved Providers who have indicated they may be non-compliant.

---

[43]   DoHA website, *Costs of Residential Care - Payment of $3500 per resident in 2003-04 (Accountability)* <http://www.health.gov.au/internet/wcms/publishing.nsf/Content/ageing-rescare-resipaymt.htm> [accessed 29 October 2007].

4. DoHA's Management of Stakeholder Relations

The techniques used by an agency to communicate with stakeholders, exchange information and obtain feedback, can make an important contribution to the effective administration of a program that involves the monitoring of compliance against codes or standards. DoHA's approach to managing its interaction with stakeholders involved in the building certification program is examined in this chapter.

Stakeholders involved with certification

4.1 The certification of aged care homes is a quasi-regulatory program[44] with the objective to drive improvements in the physical quality of residential aged care services through the establishment of a set of national standards. Compliance with these standards provides Approved Providers with access to recurrent streams of Australian Government funding to finance further improvements.

4.2 The certification program has a diverse range of stakeholders covering building, medical, emergency, corporate and public sectors, private organisations and lobby groups. There are Peak Bodies nationwide, representing Approved Providers operating nearly 3000 aged care facilities, accommodating over 210 000 residents, who are cared for by thousands of medical staff. Other stakeholders include local councils, State and Territory governments and fire services. Fire services regularly take part in the certification process by enforcing local fire safety code requirements, inspection of aged care facilities and liaison through Approved Providers, Peak Bodies and DoHA's State/Territory Offices (STOs).

4.3 A side-effect of DoHA's *10 Year Forward Plan* has been the creation of a specialised sector within the building industry which caters specifically to certification standards in aged care homes. This has necessitated the involvement of the wider building industry, including trades persons and building professionals such as architects and engineers. Certification also requires input from the Australian Building Codes Board through the yearly update of the Building Code of Australia (BCA) and in particular BCA 9c, which specifically relates to building standards in aged care facilities.

---

[44] A discussion of the various forms of regulation, including examples, can be found in Office of Best Practice Regulation, Best Practice Regulation Handbook, Appendix A, Canberra, 2008.

Building Certification of Residential Aged Care Homes

58

Relationship management

4.4   The relationships that an agency has with service providers can make an important contribution to the effective administration of a program that has a heavy emphasis on compliance by those service providers. Monitoring compliance against codes or standards while adhering to good customer service principles requires an appropriate balance to be struck between using the powers and authority prescribed in relevant legislation and encouraging compliance through effective communications and relationship management. In examining how DoHA manages its relationship with stakeholders involved in certification, the ANAO assessed:

- DoHA's communication strategy; and

- stakeholder support for certification and feedback.

DoHA's communication strategy

Communication administration

4.5   Consistent and well documented communications are critical to ensuring:

- a consistent approach to engagement with key stakeholders;

- continued communication of identical messages over time;

- adoption of appropriate feedback mechanisms to support continuous improvement; and

- communications that support program outcomes for all stakeholders.

4.6   DoHA's contact with Approved Providers for certification is mostly through STOs and focuses on accepting an application, scheduling an inspection by the contracted assessor, receipting the assessor's report and issuing a report to the facility. In cases of failure of an assessment inspection, the contact time with the Approved Provider is extended to monitoring improvements to meet certification through possible review or regular reporting. At each of these points of contact the STO has an opportunity to provide information and receive communications from Approved Providers and the contracted assessor.

4.7   While DoHA does not have a formal documented communication strategy for certification, it has focused considerable effort on communication with industry when deemed appropriate.

Formal consultative arrangements during the implementation phase

4.8   The certification program was developed and implemented with wide ranging and active involvement of all sectors of the aged care industry. The 'Committee for the Quality for Aged Care Accommodation' was particularly active in the development of matters relating to the direction of the program. The Technical Reference Group provided a forum for advice and guidance of Approved Providers in matters relating to the management and improvement of the quality of aged care homes and was a conduit for the flow of information and ideas on building quality to the department. The Aged Care Advisory Committee has been an ongoing forum for the exchange of ideas and information on certification and building quality.

4.9   However, these mechanisms have not continued to be used to the same extent by DoHA, with Peak Bodies and Approved Providers raising concerns of a perceived lack of engagement and response to industry feedback in recent years.

4.10   DoHA informed the ANAO that in recent times it has been relatively selective in terms of its contact with Approved Providers in matters relating to certification and has focused its attentions on the minority of homes that apply to be certified, are subject to review or have not yet met certification targets. Because the majority of homes have met certification requirements, DoHA's resources to administer the program have been targeted toward those homes that are yet to meet certification requirements and/or may be subject to review.

Informal and ad hoc forums

4.11   In 2006, DoHA, in consultation with the contracted assessor, supported industry with a seminar on the changes to the BCA in relation to the inclusion of 9c buildings[45] (the Building Code of Australia (BCA) classification 9c specifically relates to building standards in aged care facilities) and the impact on the certification process and DoHA's Certification Assessment Instrument.

4.12   The seminars to promote and explain the 9c classification were conducted in all major capitals and widely advertised. Stakeholders supported this training with Approved Providers, building professionals and Building Code of Australia (BCA) assessors attending. Stakeholder feedback on the

---

[45]   The Australian Building Codes Board (ABCB) develops the Building Code of Australia (BCA). BCA 9c specifically relates to Aged Care Buildings. CH Group website: *CH Group Seminars*, <http://chgroup.com.au/2006/07/06/national-9c-registration/> [accessed 8 October 2007].

seminar was mixed. Although supportive of ongoing training and opportunities such as seminars to promote engagement with aged care building professionals, some stakeholders were critical of certain aspects of the seminar including a lack of recognition of industry's views.

4.13   Departmental officers and successive contracted assessment authorities have routinely attended and addressed seminars, conference and other forums on certification matters.

Guidance material

4.14   Over the years, DoHA has provided a wide and diverse range of products in a number of formats to advise and guide industry on the requirements of the certification program. It has produced and distributed a detailed manual aimed at providing a nationally consistent policy on certification acknowledging the differing requirements of State, Territory and local government legislation and the BCA. This was made available in hard copy and DVD and distributed in both formats free of charge to all Approved Providers.

4.15   The certification assessment instrument, accompanying guidelines, scoring matrix and the certification manual are all available to Approved Providers through the department's website. These documents are also available to Approved Providers in hard copy.

4.16   DoHA has also kept the industry up to date on the key deadlines for certification, certification requirements through the Instrument, guidelines, correspondence and maintained a complaints process that recognises physical environment concerns which can impact on certification.

Stakeholder support for certification and feedback

4.17   Stakeholders generally supported the program and considered it had been both needed by the industry and successful in achieving improvements to the building stock of aged care facilities. However, many stakeholders considered that certification may no longer be relevant owing to:

- to progressive yearly revision and update of the BCA;

- improved State, Territory and local government regulations on fire safety; and

- the maturity of the industry.

4.18 Stakeholders identified ongoing issues that would benefit from greater engagement between DoHA, Approved Providers and the wider industry to improve the effectiveness of certification, including:

• varying interpretations of the Certification Assessment Instrument by both the contracted assessor and amongst their peers, resulting in a potential lack of consistency of application;

• potential conflict between the Certification Assessment Instrument and the BCA;

• concerns about the level of transparency on how the contracted assessor makes its decision;

• concerns about the quality of assessors and the variability of advice provided;

• a perceived lack of engagement on finding solutions to assessment failures;

• unrealistic timeframes to address failures against the Certification Assessment Instrument; and

• a perceived lack of quality assurance by the contracted assessor.

4.19 Approved Providers, in particular, argued for greater acceptance of alternative solutions to solve problems encountered during certification inspections.

4.20 The ANAO sighted a number of examples where an Approved Provider was frustrated by an inability to resolve a dispute over the assessment process with the contracted assessor and found the STO, although helpful over the phone, reluctant to engage with them and the contracted assessor in dispute resolution. STO staff stated they do not get involved in disputes between the contracted assessor and Approved Providers as they do not possess the technical expertise to resolve disputes.[46]

---

[46] Under Part 6.1 of the *Aged Care Act 1997* service providers may seek a review of the following decisions relating to certification: the decision to reject an application for certification; the decision to revoke the certification of a residential care service; the decision to impose a sanction, including the revocation or suspension of certification; and the decision to impose conditions on revocation of the certification of a residential care service when the revocation has been requested by the provider. If an Approved Provider is dissatisfied with the Secretary of DoHA's decision on these matters, it may seek a reconsideration of the decision. The request for reconsideration must be made to the Secretary by written notice not more than 28 days after the provider received notice of the decision.

DoHA's measures to promote quality

4.21 DoHA acknowledges that there will be an element of judgement associated with any assessment and there will always be a risk of inconsistency. However, a number of measures have been adopted to reduce this risk. These are summarised below.

- The Certification Assessment Instrument, accompanying guidelines, scoring matrix and the certification manual are all available to Approved Providers through the departments web-site. These documents were provided in hard-copy to all Approved Providers.

- All assessors employed by the contracted assessor are qualified and licensed building surveyors who practice within the wider building industry.

- The directors of the contracted assessor have had an unbroken involvement with certification since its inception and are recognised authorities in the field.

- The contracted assessor must have in place quality assurance measures to ensure accuracy, consistency and timeliness in certification assessments. Assessors are audited on a three monthly basis to measure performance and quality in assessing for certification. They are also subject to peer review and all assessments are subject to a quality assurance audit by the contracted assessor directors and senior personnel.

- The process specifies that the contracted assessor must conduct an exit interview on the day of the assessment where issues of concerns and areas where improvement may be required can be discussed; the assessor is not permitted to offer any opinion as to whether the service will be certified.

- DoHA notifies the Approved Provider of the results of the department's assessment. The notification includes a copy of the assessment report and advice pertaining to any matters requiring remedy or improvement that will assist the home to meet certification requirements. The Approved Provider is informed of rights and avenues of appeal if the home has not been certified and this includes access to the contracted assessor to discuss the assessment and its outcomes.

Standard correspondence

4.22 DoHA has introduced a range of standard correspondence that has assisted STOs to provide a consistent message on the program. Feedback from Approved Providers interviewed was critical of the tone and content of these template letters. DoHA has advised that there is a need for inclusion of the statutory requirements in its correspondence and this influences the tone of its communication.

4.23 Recognising that errors and misunderstandings could have significant consequences for Approved Providers in terms of compliance with standards and entitlements to funding, the ANAO suggests DoHA review its correspondence to ensure it engenders understanding about the certification process whilst remaining legal and proscriptive so as to ensure that Approved Providers are clearly and correctly informed.

Managing the risks to stakeholder relationships

4.24 Certification has created a specialised and professional industry for the design, building and management of aged care facilities that did not exist prior to the program. Overall, these stakeholders supported the certification program and considered that it had been both needed and successful in achieving improvements to the building stock of aged care facilities.

4.25 The certification program was developed and implemented by DoHA with wide ranging and active involvement of all sectors of the aged care industry. In recent times the department has been relatively selective in terms of its communication with the broader industry in matters relating to certification and has focused its attentions on the minority of homes that apply to be certified, are subject to review or have not yet met certification targets.

4.26 DoHA has not undertaken a formal stakeholder satisfaction assessment during the last 10 years or established engagement mechanisms with the broader industry base of architects, BCA assessors or engineers to promote continuous improvement on the certification program.

4.27 To meet its obligations under the *Aged Care Act 1997*, DoHA is required to effectively monitor Approved Providers against building certification standards. Undertaking this role while adhering to good customer service principles is a difficult balance to achieve. DoHA's management of industry feedback requires continued engagement with Approved Providers and the wider industry. A more formal, structured communication strategy, including regular feedback mechanisms, would allow DoHA to better engage with key

industry stakeholders, identify emerging certification issues, and promote the communication of consistent messages over time.

Recommendation No.2

4.28   The ANAO recommends that DoHA documents and disseminates its communication strategy for certification that includes the department's approach to:

- engaging with key industry stakeholders to identify emerging certification issues; and

- targeting the highest priority risks posed by non-compliance.

DoHA's response

4.29   Agreed.

Ian McPhee
Auditor-General

Canberra ACT
22 May 2008

Index

A

accommodation bonds, 13, 29, 31, 34,
    40, 49
Aged Care Act 1997, 7, 12–15, 18–20,
    29–31, 34–35, 39, 44, 47–48,
    52–54, 62, 64
Approved Providers, 12–13, 15, 17–19,
    21–23, 29, 31, 35–36, 41–42, 45,
    49, 54–64

B

Building Code of Australia, 6, 12,
    21–22, 33, 36, 39, 50, 58, 60–62, 64

C

Certification Assessment Instrument,
    13, 15, 19, 22, 34, 39, 42–43,
    48–50, 56–57, 60, 62–63
certification program, 12–24, 34–36,
    38–40,
    43–48, 51, 54, 58, 60–61, 64
contracted assessor, 13–14, 21–23,
    35–36,
    50–52, 54, 59–60, 62–63

D

Department of Health and Ageing
    (DoHA),
    5–7, 11–24, 28–29, 34–69

F

fire safety, 12–13, 15–18, 22, 33–35,
    39, 41–44, 49, 55–58, 61

O

one-off payment, 5, 55–57

P

privacy and space, 12, 15, 17–19, 35,
    41–45, 56–57

Q

quasi-regulation, 7, 34

R

risk management, 16, 38, 40

S

stakeholder, 13, 16, 19, 21, 23, 36, 38,
    46, 54, 59, 64

10 Year Forward Plan, 12, 14, 16–19,
    35, 38, 40–41, 43–44, 49, 51, 55,
    57–58

Series Titles

Audit Report No.1 2007–08
Acquisition of the ABRAMS Main Battle Tank
Department of Defence
Defence Materiel Organisation

Audit Report No.2 2007–08
Electronic Travel Authority Follow-up Audit
Department of Immigration and Citizenship

Audit Report No.3 2007–08
Australian Technical Colleges Programme
Department of Education, Science and Training

Audit Report No.4 2007–08
Container Examination Facilities Follow-up
Australian Customs Service

Audit Report No.5 2007–08
National Cervical Screening Program Follow-up
Department of Health and Ageing

Audit Report No.6 2007–08
Australia's Preparedness for a Human Influenza Pandemic
Department of Health and Ageing
Department of Agriculture, Fisheries and Forestry

Audit Report No.7 2007–08
The Senate Order for Departmental and Agency Contracts (Calendar Year 2006 Compliance)

Audit Report No.8 2007–08
Proof of Identity for Accessing Centrelink Payments
Centrelink
Department of Human Services

Audit Report No.9 2007–08
Australian Apprenticeships
Department of Education, Science Training

Audit Report No.10 2007–08
Whole of Government Indigenous Service Delivery Arrangements

Audit Report No.11 2007–08
Management of the FFG Capability Upgrade
Department of Defence
Defence Materiel Organisation

Audit Report No.12 2007–08
Administration of High Risk Income Tax Refunds in the Individuals and Micro Enterprises Market Segments
Australian Taxation Office

Audit Report No.13 2007–08
The Australian Taxation Office's Approach to Managing Self Managed Superannuation Fund Compliance Risks
Australian Taxation Office

Audit Report No.14 2007–08
Performance Audit of the Regional Partnerships Programme:
Volume 1–Summary and Recommendations
Volume 2–Main Report
Volume 3–Project Case Studies
Department of Transport and Regional Services

Audit Report No.15 2007–08
Administration of Australian Business Number Registrations: Follow-up Audit
Australian Taxation Office

Audit Report No.16 2007–08
Data Integrity in the Child Support Agency
Child Support Agency
Department of Human Services

Audit Report No.17 2007–08
Management of the IT Refresh Programme
Centrelink

Audit Report No.18 2007-08
Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2007

Audit Report No.19 2007–08
Administration of the Automotive Competitiveness and Investment Scheme
Department of Innovation, Industry, Science and Research
Australian Customs Service

Audit Report No.20 2007–08
Accuracy of Medicare Claims Processing
Medicare Australia

Audit Report No.21 2007–08
Regional Delivery Model for the Natural Heritage Trust and the National Action Plan for Salinity and Water Quality
Department of the Environment, Water, Heritage and the Arts
Department of Agriculture, Fisheries and Forestry

Audit Report No.22 2007–08
Administration of Grants to the Australian Rail Track Corporation
Department of Infrastructure, Transport, Regional Development and Local Government

Audit Report No.23 2007–08
The Management of Cost Recovery by Selected Regulators

Audit Report No.24 2007–08
DIAC's Management of the Introduction of Biometric Technologies
Department of Immigration and Citizenship

Audit Report No.25 2007–08
Administering Round the Clock Medicare Grants
Department of Health and Ageing

Audit Report No.26 2007–08
Tasmanian Forest Industry Development and Assistance Programs
Department of Agriculture Fisheries and Forestry

Audit Report No.27 2007–08
Emergency Management Australia
Attorney-General's Department

Audit Report No.28 2007–08
Defence's Compliance with the Public Works Committee Approval Processes
Department of Defence

Audit Report No.29 2007–08
Parent School Partnerships Initiative
Department of Education, Employment and Workplace Relations

Audit Report No.30 2007–08
The Australian Taxation Office's Use of Data Matching and Analytics in Tax Administration
Australian Taxation Office

Audit Report No.31 2007–08
Management of Recruitment in the Australian Public Service

Audit Report No.32 2007–08
Preparation of the Tax Expenditures Statement
Department of the Treasury

Audit Report No.33 2007–08
The National Capital Authority's Management of National Assets
National Capital Authority

Audit Report No.34 2007–08
Administration of the Pathology Quality and Outlays Memorandum of Understanding
Department of Health and Ageing

Current Better Practice Guides

The following Better Practice Guides are available on the Australian National Audit Office Website.

Public Sector Internal Audit

    An Investment in Assurance and Business Improvement   Sep 2007

Fairness and Transparency in Purchasing Decisions

    Probity in Australian Government Procurement   Aug 2007

Administering Regulation   Mar 2007

Developing and Managing Contracts

    Getting the Right Outcome, Paying the Right Price   Feb 2007

Implementation of Programme and Policy Initiatives:

    Making implementation matter   Oct 2006

Legal Services Arrangements in Australian Government Agencies   Aug 2006

Preparation of Financial Statements by Public Sector Entities   Apr 2006

Administration of Fringe Benefits Tax   Feb 2006

User–Friendly Forms
Key Principles and Practices to Effectively Design
and Communicate Australian Government Forms   Jan 2006

Public Sector Audit Committees   Feb 2005

Fraud Control in Australian Government Agencies   Aug 2004

Security and Control Update for SAP R/3   June 2004

Better Practice in Annual Performance Reporting   Apr 2004

Management of Scientific Research and Development
    Projects in Commonwealth Agencies   Dec 2003

Public Sector Governance   July 2003

Goods and Services Tax (GST) Administration   May 2003

Managing Parliamentary Workflow   Apr 2003

Building Capability—A framework for managing
    learning and development in the APS   Apr 2003

Internal Budgeting   Feb 2003

Administration of Grants   May 2002

Performance Information in Portfolio Budget Statements   May 2002

Some Better Practice Principles for Developing
    Policy Advice   Nov 2001

Rehabilitation: Managing Return to Work   June 2001

Business Continuity Management   Jan 2000

Building a Better Financial Management Framework   Nov 1999

Building Better Financial Management Support   Nov 1999

Commonwealth Agency Energy Management   June 1999

Security and Control for SAP R/3   Oct 1998

Controlling Performance and Outcomes   Dec 1997

Protective Security Principles
    (in Audit Report No.21 1997–98)   Dec 1997