



TECHNICAL UPDATE

UPDATE TO FINANCIAL REPORTING CHANGES AFFECTING THE AGED CARE INDUSTRY

SECTOR
Health

FOLLOWING THE ANNOUNCEMENT LATE LAST YEAR IN RELATION TO THE INTRODUCTION OF NEW FINANCIAL REPORTING ARRANGEMENTS FOR RESIDENTIAL AGED CARE AND HOME CARE PACKAGE PROVIDERS, THE DEPARTMENT OF HEALTH HAS OUTLINED A REVISION TO ONE OF THE REQUIREMENTS.

What's changed?

The Annual Prudential Compliance Statement (APCS) will now still need to be audited. This change adjusts the Department's advice previously provided to the sector in relation to the Aged Care Financial Report (ACFR).

The ACFR will now involve a single template, consolidating the:

- APCS
- Survey of Aged Care Homes
- Home Care Financial Report
- Short Term Restorative Care Financial Report.

What remains?

- The General Purpose Financial Report (GPFR) will still be a stand-alone audited report. This report and the independent audited opinion accompanying the APCS must be submitted through the ACFR portal at the same time as the components above.
- Providers of home care who do not also provide residential care will not be required to submit a GPFR. They must only complete the home care section of the ACFR.
- Providers retain the flexibility to choose whether to include each of the components of the ACFR in either their GPFR or the ACFR. It should be noted, though, that it is not possible to partially complete a component in both the GPFR and ACFR. Each individual component of the ACFR (including required line items) must be completed in its entirety in either the ACFR or the GPFR.

What's the timeframe?

The new arrangements are mandatory for all residential and packaged home care providers for use in the 2016-17 financial year.

Providers who report on a 30 June financial year-end basis must submit their reports under the new arrangements by **31 October 2017**.

BDO comment

As per our comment on the initial announcement in 2016, BDO welcomes changes designed to improve financial reporting efficiency for this important sector, particularly in relation to the consolidations of reporting requirements and flexibility to include mandated line items in their GPFR.

Despite this, providers must be wary of the choices they make regarding the treatment of mandated line items in their GPFR for compliance with Australian Accounting Standards. They must also keep in mind that each individual component of the ACFR must be completed in its entirety in either the ACFR or the GPFR, however there is flexibility in presenting this data in the GPFR. If a Provider elects to present mandated data in the GPFR, the provider needs to refer to this when completing the ACFR.

BDO recommends providers seek assistance from their auditors to ensure they meet relevant requirements and to ensure the information contained in the ACFR is consistent with the audited GPFR.

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