Australian Government
Aged Care Quality and Safety Commission

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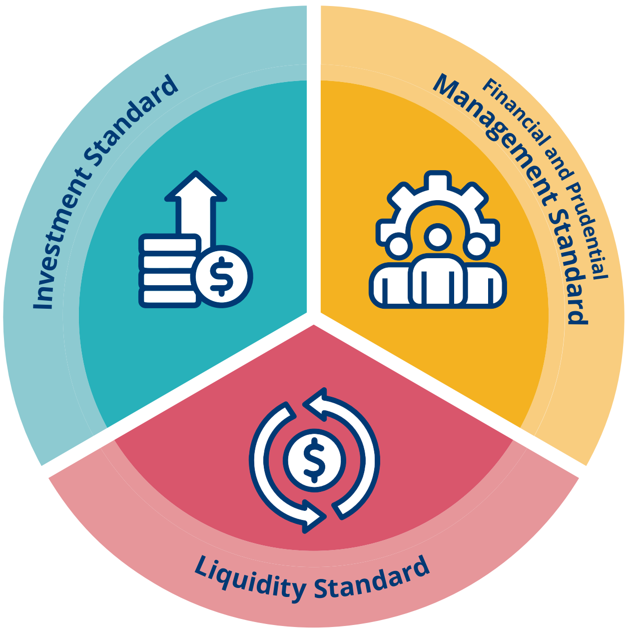
The new Financial and Prudential Standards

Consultation is now open on the draft new Financial and Prudential Standards. We welcome your feedback.

The new Financial and Prudential Standards



On 25 November 2024, Parliament passed the Aged Care Bill, with the Aged Care Act to commence from 1 July 2025.

> **The new Financial and Prudential Standards will be introduced with the commencement of the new Aged Care Act. The new Standards set out the minimum requirements for good financial and prudential management of registered aged care providers.**

Registered providers must comply with the Financial and Prudential Standards that apply to them as a condition of their registration.

The Standards make sure that:

- a governing body manages finances responsibly and considers how its decisions will affect the wellbeing of older people receiving Australian Government-funded aged care
- registered providers have enough funds to:
  - meet the conditions of their registration
  - meet their financial obligations, bills, refunds and debts when they're due
  - deliver safe and quality aged care services consistently
- providers are prepared to manage periods of financial stress through demonstrating that they comply with their minimum liquidity amount
- providers protect the continuity of care of older Australians, by making sure financial or operational challenges don't disrupt the quality or delivery of services they provide to older people
- providers protect refundable deposit balances by making sure they properly manage these funds and hold them securely
- financial risks to the Australian Government are minimised, including claims on the Accommodation Payment Guarantee Scheme.

The new Standards simplify the current framework by replacing 4 Standards (Liquidity, Governance, Records and Disclosure) with 3 updated, focused Standards:

Standard	What it does	Who it applies to
Financial and Prudential Management Standard	Makes sure registered providers have governance systems and strategies in place to manage finances soundly. Requires providers to make financial and prudential decisions that are fair, reasonable and in the best interests of people receiving care.	Registered providers in categories 4, 5 and 6 (excluding government entities and local government authorities), including: • providers delivering funded aged care services in residential homes • providers delivering funded aged care services in categories 4 and 5 in the community.
Liquidity Standard	Requires providers to maintain enough liquid assets so they can meet financial obligations, refund deposits and manage risks effectively.	Registered providers that are providing funded aged care services in a residential care home (excluding government entities and local government authorities).
Investment Standard	Ensures organisations responsibly selects, manages and monitors investments, including the investment of refundable deposits. Requires providers to develop and follow a strong investment management strategy (IMS) so they can deliver safe, high-quality aged care services and protect refundable deposits.	Registered providers delivering funded aged care services in an approved residential care home (excluding government entities and local government authorities).

What has changed?

The current Prudential Standards have 4 Standards (Liquidity, Governance, Records and Disclosure). They apply to registered providers (other than government entities or a local government authority) that are providing funded aged care services in a residential care home and hold refundable deposits. They are set out in the Fees and Payments Principles 2014 (No.2).

The new Financial and Prudential Standards relate to a wider group of registered providers. They now include registered providers (other than government entities or local government authorities) providing funded aged care services in an approved residential care home whether they hold refundable deposits or not.

Key updates:

1. The introduction of a minimum liquidity amount to support financial resilience among providers following Recommendation 132 of the Royal Commission into Aged Care Quality and Safety.
2. For the first time, home care service providers will also need to meet the Financial and Prudential Standards, specifically the Financial and Prudential Management Standard.
3. There are extra requirements for financial reporting, investment decisions and managing risk, to improve transparency and governance practices.

Requirements under the current Prudential Standards relating to reporting and disclosure will move to the 'rules' section in the new Aged Care Act, including:

- the Records Standard requirement to maintain a refundable deposit register and to provide certain information about refundable deposits to people receiving care
- the Disclosure Standard requirement that providers must report information about refundable deposits and compliance with the Prudential Standards in the Annual Prudential Compliance Statement and to people receiving care.

Reporting and Disclosure requirements may apply to registered providers in categories 4, 5 and 6 providing:

- personal and care support in the home or community
- nursing and transition care
- residential care.

More information

You can find more details about the new Financial and Prudential Standards in the guidance documents below:

- Financial and Prudential Management Standard
- Liquidity Standard
- Investment Standard.

Financial and Prudential Management Standard

This Standard makes sure that registered providers have a strong financial and prudential management system which supports them to deliver safe, high-quality care. Providers must also make fair, reasonable and independent business decisions that prioritises the best interests of people receiving care. These measures make sure you can continue supporting older Australians.

The Financial and Prudential Management Standard helps you connect financial and prudential governance with good corporate and clinical governance. Strong governance also helps providers manage refundable deposits responsibly and plan for their permitted uses.

What is governance?

Governance refers to the frameworks, systems and processes that allow organisations to operate effectively and meet their obligations.

Key elements include:

- structures
- frameworks
- controls
- staff roles and responsibilities
- communications.

Your financial and prudential management system must be in writing and set out the accountabilities and responsibilities for financial and prudential governance for different roles. This includes accountabilities and responsibilities for your organisation's finances and managing of refundable deposits (if any).

Who this Standard applies to

This Standard applies to:

- registered providers in categories 4, 5 and 6
- registered providers that are delivering funded aged care services in an approved residential care home that aren't government entities or a local government authority
- registered providers that are delivering personal and care support in the home or community or nursing and transition care services that aren't government entities or a local government authority.

All relevant providers must meet the requirements of this Standard when the Financial and Prudential Standards are introduced with the start of the new Aged Care Act.

What has changed?

All providers that hold refundable deposits must have a governance framework to manage them under the Governance Standard in the current Prudential Standards, in Fees and Payments Principles 2014 (No.2). If you have invested refundable deposits in certain financial products, you must also have an investment management strategy (IMS).

Under the new Financial and Prudential Management Standard all providers in categories 4, 5 and 6 must have a financial and prudential management framework.

The existing requirements for IMS have now moved to the separate Investment Standard.

Key points

- The Financial and Prudential Management Standard sets out your responsibilities with the systems and processes your organisation must have to be financially stable and to manage risk.
- By meeting this Standard, your organisation can focus on improving the aged care services you provide. It can also help build trust in aged care providers. The Financial and Prudential Management Standard is designed to make best practice financial governance and operations business as usual.

Implementation

Our focus at the Aged Care Quality and Safety Commission (the Commission) is on supporting you to meet all requirements of the Standard when it's introduced.

We'll provide educational and guidance materials to support you to meet the requirements. You must review and update your written financial and prudential management framework to meet the requirements of this Standard. The required governance processes must also be in place.

Compliance

Our regulatory approach is risk based, to make sure our actions are in proportion to the level of risk people receiving care face. We'll:

- do audits to monitor compliance
- support providers as they work towards meeting their obligations
- take enforcement action when necessary to address non-compliance.

Evidence of compliance

Providers can show compliance by keeping:

- written policies and procedures
- documentation describing financial governance responsibilities
- regular reports that show oversight and ongoing improvements
- position descriptions that clearly define roles and accountabilities.

Where a provider falls short of meeting their obligations, we'll contact them directly. Providers who don't manage risk or act to comply will face our regulatory powers and enforcement actions.

Where providers are willing to work with us, we'll help them understand their regulatory requirements. This will include discussions to make sure that the provider can show strong controls and governance. Our goal is to actively support providers to make the changes they need, so they can meet their regulatory obligations.

Continuous improvement

Your governing body must regularly review and improve how effective your financial and prudential management framework is.

The written financial and prudential management framework should set out when and how often you will review and update it. This makes sure reporting processes stay effective.

Continuous improvement and reviews of the system encourages openness, accountability and sustainable growth in your organisation.

Financial and Prudential Management Standard: checklist for providers

Use this checklist to confirm your organisation meets the Financial and Prudential Management Standard.

Financial and prudential management system

- [ ] Is there a system to make sure your organisation stays financially stable?
- [ ] Does the system manage refundable deposits (if applicable) in compliance with the new Aged Care Act?
- [ ] Is your financial and prudential management system clearly documented, and in writing?
- [ ] Does it describe the accountabilities and responsibilities for financial governance across roles?
- [ ] Are there processes to monitor and control delegations or responsibilities you outsource?
- [ ] Are there reporting processes for:
  - the organisation's overall finances?
  - how you manage and use refundable deposits (if applicable)?
- [ ] Does the system make sure responsible people know about:
  - Financial and Prudential Standards requirements?
  - Conditions for the financial management, reporting, and refundable deposits?
- [ ] Does the system detect, record and respond to compliance failures

Governance and supervision

- [ ] Does the governing body actively monitor the system to ensure financial stability and protect refundable deposits?
- [ ] Does the governing body do regular reviews to improve how effective the system is and make sure reporting processes stay effective?

Liquidity Standard

The Liquidity Standard makes sure aged care providers have the systems and strategies they need to manage cash flow and financial risks effectively. As a provider, you must always have access to enough cash to meet your financial obligations, including operating costs and refundable deposits. This is known as liquidity.

To comply with the Liquidity Standard, providers must identify their yearly liquidity needs and hold enough liquid assets to meet them. This makes sure they can refund people on time, every time, and handle unexpected financial pressures.

Aged care providers must also manage the financial risks associated with their assets and liabilities:

- **Assets** - if there is a high proportion of long-term assets, such as property or loans, and their cash flows are spread over many years.
- **Liabilities** - when there is a high proportion of short-term liabilities, such as refundable deposits. These liabilities may need to be paid out suddenly, for example, when a resident leaves care or passes away.

Why liquidity matters

If, for example, several residents leave at once, with short notice, a provider may need to refund large amounts quickly. Without enough liquidity, the provider might struggle to meet these obligations. This puts their financial stability and capacity to deliver care at risk.

The Liquidity Standard makes sures that providers:

- deliver safe, high quality aged care services without disruption
- meet their obligations as they come up, including operational costs and refundable deposits
- refund, following the Aged Care Act, any refundable deposit balances due in the next 12 months.

This Standard applies to residential care providers that are providing funded aged care services in an approved residential care home that aren't government entities or a local government authority.

All relevant providers must meet the requirements when the Financial and Prudential Standards begin.

What has changed?

The Liquidity Standard under the current Prudential Standards and the Fees and Payments Principles 2014 (No.2) only applies to residential providers that hold refundable deposits. The new Liquidity Standard will apply to **all residential care providers** that are providing funded aged care services in an approved residential care home and aren't government entities or a local government authority, **even those that don't hold refundable deposits**.

It also introduces a **minimum liquidity amount**. Providers must calculate and maintain the minimum liquidity level they require quarterly. They must also document their **liquidity management strategy (LMS)**. This calculation is described in 'Requirements'.

Key points

- In 2021, the Royal Commission into Aged Care Quality and Safety recommended improving the financial and prudential regulation of aged care providers (Recommendation 132).
- This recommendation recognised that delivering safe, quality care requires providers to manage a wide range of operational and financial risks. These risks can affect the care you deliver and your ability to appropriately manage refundable deposits.
- The Liquidity Standard will apply to non-government or local government authority registered providers providing funded aged care services in an approved residential care home. The Standard introduces a new minimum liquidity amount.

Implementation

Providers should use the Liquidity Standard early to improve their financial systems and make sure they can comply ahead of the new Aged Care Act. To help you meet your obligations we are developing a range of information and education resources.

Providers that hold refundable deposits currently must have a written LMS. For many organisations this is already an essential part of your management frameworks and processes.

Most organisations also understand that managing current and future cash needs is an important part of operating successfully in a changeable environment. It's also essential in planning for long-term sustainability.

All providers should review their minimum liquidity needs and plan and forecast their future needs. They should do this even before the new Liquidity Standard is introduced.

When you submit your Quarterly Financial Statements, you will need to calculate the minimum liquidity amount you must have over the next quarter. We'll provide an online calculator you can use to calculate this amount. The minimum liquidity amount you need to hold should be noted as part of your LMS. You should also note if you meet this amount. If you don't meet the amount, you should note the steps you will take to meet the amount.

If a provider is below the minimum liquidity amount, they must let us know.

Where a provider informs us that they're below the minimum liquidity amount, we'll work with them and focus on:

- making sure they can show strong controls and governance
- improving their financial viability and the quality of care they deliver
- understanding their governance structures, protocols to manage risk and how willing they are to strengthen these areas of their operation
- reducing examples of high financial risk.

Compliance

Our regulatory approach is risk based, to make sure our actions are in proportion to the level of risk people receiving care face. We'll:

- do audits to monitor compliance
- support providers as they work towards meeting their obligations
- take enforcement action when necessary to address non-compliance.

Providers must also be able to show that they have an LMS in place. Evidence includes:

- written policies and procedures
- documentation describing financial governance responsibilities
- regular reports that show oversight and ongoing improvements
- position descriptions that clearly define roles and accountabilities
- references to the LMS in other policies and procedures.

We also do financial analysis using information from providers' **Aged Care Financial Report** and **Quarterly Financial Report**. Through this, we can identify providers that don't meet the minimum liquidity amount they need under the Liquidity Standard. Providers also have disclosure and reporting requirements that relate to non-compliance.

We know that there will be some providers, based on our analysis of quarterly financial reports, that won't seem to be meeting the Standard but aren't a liquidity risk. It's because they have access to the liquidity they need in other ways. For example, through third-party arrangements that they don't include in their quarterly financial reporting. Where no possible strategies exist, providers must present a clear plan to meet the minimum liquidity amount they need in a specified timeframe.

Where a provider does not meet their obligations, we'll contact them directly. Providers who don't address and manage risk or act to comply will face our regulatory powers and enforcement actions.

Where providers are willing to work with us, we'll help them to understand their regulatory requirements. This will include discussions to make sure that the provider can show strong controls and governance. Our goal is to actively support providers to make the changes they need, so they can meet their regulatory obligations.

Liquidity management strategy

All residential providers still need to maintain a written LMS that includes:

- the minimum liquidity amount needed (with the option to hold more than the minimum amount based on your specific operational risks)
- the types of liquidity you will keep (for example, cash, lines of credit)
- the steps and timeframes to comply if you aren't currently meeting the minimum liquidity amount.

An effective LMS should also consider the organisation's:

- size and number of residents
- current financial position (for example, cash reserves, the mix of short-term and long-term assets and liabilities)
- access to financing options, such as credit facilities or emergency funding sources
- market and industry conditions that may affect your liquidity needs
- contingency planning for unexpected events, such as seasonal staffing increases or emergencies
- strategic goals and future capital need to support sustainable growth.

Another key part of developing your LMS is creating a process to forecast cashflow.

Your forecasts may need to include more frequently than monthly. This is after you consider everything from above.

Current LMS requirements

Your current LMS must:

- ☐ state the amount (in whole dollars) you need to refund refundable deposits that may become due in the next 12 months. This is your minimum level of liquidity.
- ☐ explain the factors (reasons and calculations) you use to come to this minimum level
- ☐ include how and where you hold your minimum level liquidity funds (for example, cash, bank bills, guarantees and credit).

New LMS requirements

Under the new requirements your LMS must:

- ☐ include the liquid assets amount you need to meet your short-term obligations, including refundable deposits
- ☐ include how and where you hold your liquid funds (for example, cash, bank bills, guarantees and credit).

We'll assess this level against the minimum liquidity amount which is based on your refundable deposit liabilities and expenses. You can calculate this amount using our online liquidity calculator.

The minimum liquidity amount is calculated as follows:

35%	+	10%
of cash expenses* (all providers)		**of refundable deposit liabilities** (providers with refundable deposits)

* Cash expenses include:

- salaries and employee benefits (labour expenses)
- management fees
- finance
- interest expenses
- rent
- other expenses (as defined in the income statement).

You don't need to include non-cash items, such as depreciation and amortisation.

Liquidity refers to the cash or cash equivalents (assets that can quickly be converted into cash without losing their value) available to meet short-term financial obligations as they come up. The minimum liquidity amount represents the minimum value providers should keep at all times.

It's important to note that you need to hold at least 10% of your refundable deposit balances as liquid assets. This does not override your obligation to hold all refundable deposit money you don't use for permitted uses.

Minimum liquidity amount

The **minimum liquidity amount**:

- is a whole dollar calculation specific to your organisation's financial circumstances
- must be re-calculated quarterly as part of your Quarterly Financial Report
- encourages regular tracking of liquidity needs.

Developing the minimum liquidity amount approach

We developed the minimum liquidity amount calculation using refundable deposit liabilities and expenses, as this closely predicts liquidity needs. This method provides a dollar liquidity threshold for each provider, based on their refundable deposit liabilities and other cash expenses.

Using liabilities and expenses to develop the Liquidity Standard makes sure to include the 2 main cash outflows for residential providers:

- refundable deposit repayments
- non-refundable deposit cash expenses (for example, supplier and employee costs, which make up approximately 65% of total expenses on average).

The approach draws on principles from the Australian Prudential Regulation Authority liquidity standards for the banking sector. It's tailored to the aged care sector using relevant financial data and analysis.

Actuarial modelling using financial data from the Annual Aged Care Financial Reports (2020–2023 financial years) and the Quarterly Financial Reports (from 2022–23) calculated the level of liquid assets providers need to survive financial stress scenarios. These scenarios include periods of high inflation and impacts to revenue because of COVID-19.

We calculate the minimum liquidity amount as a percentage of:

- a provider's quarterly cash expense outflows
- refundable deposit liabilities (if applicable) from your Quarterly Financial Report.

This calculation uses the last quarter's financial data to predict the liquidity you need for the next quarter. Actuarial modelling has shown that this approach makes sure most providers (95%) can manage periods of financial stress where they're holding the minimum liquidity amount.

The minimum liquidity amount is not a fixed threshold for the sector. Instead, it's tailored to each provider's financial circumstances. This means that the amount you need adjusts to changes in your expenses or refundable deposit liabilities.

By relying on actual quarterly cash expense outflows and refundable deposit liabilities, the calculation adapts to changes in the operating environment. This includes changes to income, expenses or refundable deposit balances, such as those that the Aged Care Taskforce proposes.

Impact analysis

We have done analysis to assess the financial resilience of aged care providers against economic stress and market shocks. This includes working with actuarial experts to model different scenarios.

The threshold is set to make sure 95% of providers can manage financial stress scenarios. This threshold reduces:

- the number of providers that lock up unnecessary capital
- the number of providers without enough liquidity to cover stress scenarios.

Moving the threshold beyond 95% will increase the number of providers that will be overestimated (those holding excess liquidity). But it will provide only a small reduction to underestimated providers (those with not enough liquidity).

At present, approximately three-quarters of all residential providers meet or exceed the threshold.

Many of those below the threshold are already working with us through our Financial Viability Monitoring Program and have plans to strengthen their financial position. Some providers use different strategies, such as related party arrangements, which allow them to manage liquidity risks in ways aligned to the Liquidity Standard.

We know that there will be some providers, based on our analysis of quarterly financial reports, who will not appear to be meeting the standard but do not pose a liquidity risk. This is because they have access to liquidity through alternative forms, such as third-party arrangements, that are not included in their quarterly financial reporting. Where we are satisfied those arrangements are sufficiently robust, we may:

- apply a condition of registration to maintain appropriate oversight of these arrangements
- require providers report any changes to their alternate arrangements that might increase their level of risk.

The minimum liquidity level formula balances:

1. supporting providers to meet liquidity requirements in a stress scenario
2. minimising the amount of locked up capital.

You need to re-calculate your minimum liquidity amount quarterly and submit your Quarterly Financial Report to confirm any changes in your financial circumstances.

Resources

You can use our online calculator to help you work out your minimum liquidity amount for each quarter. You can use this tool when submitting your Quarterly Financial Report to calculate your prescribed minimum liquid amount for the upcoming/next quarter.

Our Liquidity calculator is available for you to use now.

Liquidity Standard: checklist for providers

Liquidity management strategy

- [ ] Have you documented your LMS in writing?
- [ ] Does your LMS specify:
  - your minimum liquidity amount?
  - the forms of liquidity you will maintain (for example, cash, credit lines)?
- [ ] Does your LMS address:
  - procedures for monitoring cash flow regularly?
  - methods for financial forecasting, including assumptions and timelines?
  - possible liquidity risks and the strategies to mitigate them effectively?
- [ ] Are there procedures for:
  - managing exceptions to the LMS?
  - escalating and addressing situations where there is a risk that your liquidity may fall?

Governance and oversight

- [ ] Does your governing body review the LMS regularly to make sure it meets the Liquidity Standard?
- [ ] Do you clearly define and assign responsibilities in your organisation that relate to liquidity?
- [ ] Are there reporting processes to regularly update the governing body on liquidity matters?

Continuous improvement

- [ ] Do you regularly review your LMS to reflect changes in your organisation's financial position or operations?
- [ ] Do you update your LMS to address emerging financial risk or shifts in cash flow patterns?
- [ ] Do you maintain the minimum liquidity amount, or a higher level, that you base on your organisation's needs?

Best practice

Carry out quarterly reviews of your LMS when you submit your Quarterly Financial Report, or monthly updates as you need.

Use our online calculator to make sure of correct and consistent liquidity assessments.

Investment Standard

The Investment Standard requires aged care providers to manage investments responsibly, to protect refundable deposits and maintain financial stability. These practices support you to deliver safe, high-quality aged care services while meeting the regulatory requirements of the new Aged Care Act.

Providers must develop and maintain an IMS to:

- support informed and wise investment decisions
- manage risks to financial stability, including liquidity and the ability to refund refundable deposits
- respond effectively to emerging risks and changes in the operating environment.

Your IMS should also bring any investment of refundable deposit balances in line with the permitted uses of refundable deposits under the *Aged Care Act*.

Who this Standard applies to

This Standard will apply to **residential care providers** that are providing funded aged care services in an approved residential care home that aren't government entities or a local government authority.

All relevant providers must meet the requirements when the Financial and Prudential Standards begin.

What has changed?

Under the new Investment Standard:

- All providers managing investments must have an **IMS**, not just those holding refundable deposits.
- You need broader risk management strategies to make sure investments support your financial stability without compromising on liquidity or care quality.
- You need to clearly explain your governance responsibilities for accountability and monitoring.

Key points

- The Investment Standard sets out your responsibilities for maintaining an IMS. This includes governance and management responsibilities for selecting, managing and monitoring investments such as lump sum deposit balances.
- All residential care providers that are providing funded aged care services in an approved residential care home that aren't government entities, or a local government authority must have a written IMS.
- By meeting this Standard, you will have governance arrangements, structure and processes which allow you to make informed and careful decisions about investments. Key staff will be able to assess the risks of financial investments, including their liquidity management and respond to emerging risks.

What should I consider in an investment management strategy?

Providers must make sure that financial investments don't affect liquidity, so they can continue to provide safe and quality funded aged care. You must also protect refundable deposit balances.

Your IMS should consider factors such as:

- the nature and complexity of the business
- the availability of surplus funds and the investments you already have
- access to skills and advice for managing investments.

Before making an investment, you must assess its risks. This includes how likely it is that the investment will affect your ability to refund refundable deposit balances when they're due. The IMS should include triggers for ending investment and strategies for making up any losses. You may wish to get professional advice when considering these risks.

Role of key staff in investments

Providers should make sure that only staff with appropriate skills and experience are responsible for developing and meeting the IMS. These staff are accountable for:

- supervising investment activities following the IMS
- regularly reviewing and updating the IMS to reflect changes in regulations, organisational needs or emerging risks.

You may also consider getting expert advice, to guide your decision making when investing refundable deposits. You need to clearly document any outsourcing or delegating of responsibilities in the IMS and financial and prudential management system.

Staff responsible for executive decisions must approve the documented IMS. Depending on the size and complexity of your organisation, these may be the same staff responsible for managing refundable deposits. You should also identify this in the IMS and financial and prudential management system.

Implementation

Our focus is on supporting you to meet all requirements of the Standard when it's introduced.

Our focus will be on providing educational and guidance materials to support you to meet the requirements. We'll expect that you review and update your written IMS following the requirements of this Standard. And that you have the governance processes you need.

If you don't currently have an IMS, begin developing one straight away. A strong IMS helps your organisation to:

- manage financial risks effectively
- build a buffer that maintains flexibility and choice in uncertain circumstances
- adapt quickly to changes as they happen.

Compliance

Our regulatory approach is risk based, to make sure our actions are in proportion to the level of risk people receiving care face. We'll:

- do audits to monitor compliance
- support providers as they work towards meeting their obligations
- take enforcement action when necessary to address non-compliance.

Providers must also be able to show that they have a LMS in place. Evidence includes:

- written policies and procedures
- documentation describing financial governance responsibilities

- regular reports that show oversight and ongoing improvements
- position descriptions that clearly define roles and accountabilities
- references to the LMS in other policies and procedures.

Where a provider falls short of meeting their obligations, we'll contact them directly. Providers who don't manage risk or act to comply will face our regulatory powers and enforcement actions.

Where providers are willing to work with us, we'll provide help to understand their regulatory requirements. This will include discussions to make sure that the provider can show strong controls and governance. Our goal is to actively support providers to make the changes they need, so they can meet their regulatory obligations.

Continuous improvement

It's important that you set a date when you will review and update your IMS.

Continuous improvement is essential, particularly when:

- there are changes to your organisation's investment objectives
- there are changes to the asset class or investment limits
- there are changes to the accountabilities and responsibilities or skills and experience you need from those with responsibilities under the strategy
- you identify new or emerging risks.

Investment Standard: checklist for providers

Developing and implementing an IMS

- [ ] Is your IMS documented in writing and aligned with the organisation's investment goals?
- [ ] Does it specify:
  - your investment objectives?
  - permissible asset classes and limits?
  - risk assessment and mitigation strategies?
- [ ] Does your IMS address:
  - your liquidity considerations?
  - the impact of your investments on refundable deposit obligations?
- [ ] Is your IMS approved by the governing body?

Ongoing monitoring and reporting

- [ ] Do you clearly define and assign to skilled staff accountabilities for the IMS?
- [ ] Are there reporting processes to update the governing body on:
  - IMS performance?
  - risks or changes?
- [ ] Do you review and regularly update the IMS to address:
  - new risks or operational changes?
  - shifts in investment objectives?
- [ ] Do investments consistently align with the IMS?
- [ ] Do you maintain, and can people review evidence you follow the IMS?
- [ ] Are there clear procedures to address and fix non-compliance?

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The Aged Care Quality and Safety Commission acknowledges the Traditional Owners of Country throughout Australia, and their continuing connection to land, sea and community. We pay our respects to them and their cultures, and to Elders both past and present.

Phone
1800 951 822

Web
agedcarequality.gov.au

Write
Aged Care Quality and Safety Commission
GPO Box 9819, in your capital city