Transcript

Aged Care Quality and Safety Commission

Prudential Compliance
Provider Obligations of Refundable Deposits

 **Presented by:**

Speaker

[*Opening visual of slide with text saying ‘Australian Government’, ‘Aged Care Quality and Safety Commission’, ‘Prudential Compliance’, ‘Provider obligations of refundable deposits’*]

[*The visuals during this video are of an animated female speaking whilst info-graphic images appear representing visually, what is said at that time during the video*]

§(Music Playing)§

**Speaker:**

The Prudential Standards are about the protection of refundable accommodation deposits, refundable accommodation contributions and accommodation bonds. We’ll refer to them collectively as refundable deposits in this video.

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The Standards detail a provider’s legislative obligations for records management, governance, financial disclosure and liquidity.

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The Aged Care Act specifies that providers can only use refundable deposits in specific ways, known as ‘permitted uses’. The Governance Standard provides more details on the permitted uses.

When providers invest refundable deposits in permitted uses they must take specific actions to ensure that they comply with their responsibilities. This includes reporting and documentation requirements and planning and risk management requirements. These requirements are in place to safeguard refundable deposits and ensure that providers can refund refundable deposits to consumers when required. How you invest and use your refundable deposits impacts some of your obligations.

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What are my obligations as a provider? You have obligations to submit your Quarterly Financial Reports, annual Aged Care Financial Report and Annual Prudential Compliance Statement to the Department of Health and Aged Care within the legislated timeframes, demonstrate your compliance with the Prudential Standards, monitor and maintain liquidity in accordance with your liquidity management strategy, establish and maintain a governance system to manage refundable deposit balances, use refundable deposits for permitted uses only, create and maintain an investment management strategy or IMS if you use refundable deposits to invest in any of the approved financial products, refund refundable deposits when they fall due in accordance with the Aged Care Act, be transparent about the management of residents’ refundable deposits by providing residents or their representatives specific information relating to the management of refundable deposits, advising all residents in writing that they can request information related to the provider’s management of refundable deposits at any time.

There are consequences for providers and individuals who misuse or mismanage refundable deposits.

What are the consequences if refundable deposits are accessed for non-permitted uses? Regulatory actions and sanctions can be imposed and providers may be subject to criminal prosecution if they do not comply with one or more of their prudential obligations, including the requirement to only use refundable deposits for permitted uses. There are also consequences for individuals. It is a criminal offence to use refundable deposits for purposes that are not permitted, punishable by up to two years imprisonment if a provider later becomes insolvent. An individual convicted of such an offence would automatically become disqualified under the Act and would be unable to be key personnel for any aged care provider. Providers and individuals will avoid potential regulatory actions and liability for an offence by using refundable deposits only for permitted uses.

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Remember refundable deposits are an important tool that can be used to generate additional income. Having an effective governance system in place is critical in ensuring you comply with the Aged Care Act and only use refundable deposits for permitted uses.

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If you would like to know more about the individual permitted uses of refundable deposits you can visit the Commission’s website. There you will find resources including factsheets, guidance documents and videos.

[*Visual of slide with text saying ‘Commission’s website’, ‘www.agedcarequality.gov.au/providers/prudential-standards’*]

You can also access the Commission’s free online learning platform ALIS. Here you will find a range of interactive modules.

[*Visual of slide with text saying ‘Alis’, ‘https://www.agedcarequality.gov.au/online-learning’*]

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[*Closing visual of slide with text saying ‘Australian Government with Crest (logo)’, ‘Aged Care Quality and Safety Commission’, ‘For more information’, ‘Commission website:’, ‘https://www.agedcarequality.gov.au/providers/prudential-standards’, ‘Alis: https://www.agedcarequality.gov.au/online-learning’, ‘Quality Bulletin: https://www.agedcarequality.gov.au/subscribe’, ‘Email: prudential@agedcarequality.gov.au’, ‘Engage’, ‘Empower’, ‘Safeguard’*]

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