



Prudential audit

Supporting prudential compliance



A prudential audit helps the Aged Care Quality and Safety Commission (the Commission) understand your financial and prudential practices. They give the Commission the opportunity to offer support and education to help you meet the Prudential Standards. The Commission wants you to manage your financial operations well, so you can deliver sustainable and quality care and services.

During a prudential audit, the Commission engages with you to learn about your refundable deposit practices, policies and procedures. It measures these against the Prudential Standards to make sure you meet them. If the Commission finds prudential non-compliance, it works with you to fix the issues.

Legislation

Prudential Standards

- 52M-1, the [Aged Care Act 1997](#)
- Parts 5, the [Fees and Payments Principles 2014](#) (No.2)

Permitted uses

- 52N, the Aged Care Act
- Part 6, the Fees and Payments Principles

Refunding refundable deposits

- 52P, the Aged Care Act
- Part 7, the Fees and Payments Principles

Benefits and outcomes

A prudential audit helps you:

- understand and apply the Prudential Standards
- improve performance to meet your prudential responsibilities
- protect consumers' refundable deposits
- make sure you can repay refundable deposits on time, every time
- build a sector consumers can trust
- identify issues and education needs.

Provider selection

The Commission can select you for a prudential audit if you are an approved provider, hold a refundable deposit and meet one or more of these criteria:

- you are in a rural, remote or regional area with a small number of operational services
- you are at risk of non-compliance with your prudential responsibilities
- the Commission is concerned about the way you manage refundable deposits.

Audit process

If the Commission chooses you for a prudential audit, it contacts you to explain the process. It also asks for written documents and records to support an analysis of your prudential practices. See the *Prudential audit: documentation template and checklist* for more details.

There are 4 steps to a prudential audit.



1. Give

– submit requested documents and records to the commission.



2. Discovery

– a meeting where you tell the Commission how you manage your refundable deposits.



3. Analysis

– a check of written documents and records about your management of refundable deposits.



4. Feedback

– an assessment of compliance and discussion about recommendations. This step can take more than one meeting.



Invite key personnel involved in the management and refunding of refundable deposits to the discovery and feedback meetings.



A prudential audit is also a chance to engage and educate. The Commission works with you to understand your current financial and prudential management practices and finds ways you can improve them. It then supports you to strengthen compliance.

As part of a prudential audit, the Commission may need information about your:

- ✓ refundable deposits lifecycle
- ✓ room types, prices and RAD approvals
- ✓ refundable deposit register
- ✓ use of refundable deposits for permitted uses
- ✓ annual reports/information for residents
- ✓ management of refundable deposit funds
- ✓ refunding practices
- ✓ meetings with potential residents
- ✓ contracts and agreements.

Prudential non-compliance

If the Commission finds areas of prudential non-compliance, it fixes these with you. You develop a program of improvements, and together, we agree on a timeframe for a return to compliance. The Commission's focus is on education and managing risk. It wants to see you manage your prudential responsibilities well, without the need of regulatory action.

Important: the Commission may take regulatory action if you avoid your responsibilities on purpose or don't return to compliance within the agreed timeframe.

Further information

[Targeted Review and Audit webpage](#)

[Prudential Standards webpage](#)

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