Prudential review checklist

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Australian Government
Aged Care Quality and Safety Commission

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Instructions

Purpose

We've designed the Prudential Review checklist to help providers prepare for a prudential review.

The Aged Care Quality and Safety Commission (Commission) does annual prudential reviews. During these reviews, we assess your compliance with the:

- *Aged Care Act 2024* (Aged Care Act)
- Aged Care Rules 2025 (Aged Care Rules)
- Aged Care Financial and Prudential Standards 2025 (Financial and Prudential Standards).

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

The checklist includes key requirements to meet your financial and prudential obligations and examples of supporting documents you can give us during the prudential review.

All the information and documents mentioned in this checklist are in line with the new Aged Care Act and the Aged Care Rules that started from 1 November 2025.

The information you provide explains how you:

- implement a financial and prudential management system, Liquidity Management Strategy and Investment Management Strategy
- follow registration conditions for financial and prudential matters and for managing and using refundable deposits
- comply with permitted uses of refundable deposits
- comply with maximum accommodation payment amounts and publication of certain amounts by the System Governor publishing accommodation prices.

How to use the checklist

Complete the worksheets that apply to you.

Each worksheet matches the Financial and Prudential Standards and relevant Aged Care Rules. It helps you explain how you are complying with these requirements.

Resources

If you need more information while completing the checklist, you can use the following resources:

- Financial and Prudential Standards: Guidance for providers
- Financial and Prudential Management Standard fact sheet
- Liquidity Standard fact sheet
- Investment Standard fact sheet
- Financial and Prudential Standards poster
- Aged Care Rules 2025
- *Aged Care Act 2024*
- Aged Care Financial and Prudential Standards 2025

While they may be helpful for you to complete the checklist, it is your responsibility to make sure your responses are in line with the legislation and relevant to your situation.

You should seek independent advice where you need it. Completing this checklist does not limit the Commission from taking future compliance action, if we need to.

Privacy policy

We comply with the Privacy Act 1998, the Australian Privacy Principles and the Aged Care Act in handling personal information.

Our Privacy Policy has information on the types of personal information we collect and when we collect it, how we use and disclose personal information, and the steps we take to keep it safe.

We may share this information with other regulators for their regulatory functions. This includes the Department of Health, Disability and Ageing, other State and Commonwealth agencies and where otherwise the law permits or requires us to.

Our Notice of Collection explains how we use personal information.

Financial and Prudential Management Standard



Key requirements

1. Have a written financial and prudential management system that includes:
   - clear roles, responsibilities and accountabilities for managing your finances and refundable deposits
   - processes to monitor and control the way you delegate (assign) these roles, accountabilities and responsibilities
   - internal reporting processes to make sure you monitor and control your finances and refundable deposits
   - a process to find, record and respond to non-compliance with the system or Financial and Prudential Management Standard
   - processes to regularly review how effective the system is and improve it.
2. Your staff know their roles, accountabilities and responsibilities in the financial and prudential management system.
3. Your responsible persons (board members or key staff) know your:
   - financial and prudential management system
   - other prudential obligations, including recordkeeping, financial reporting, refunding and permitted use of refundable deposits.

Supporting documents

Policies and procedures

- Financial management framework or policy and procedures
- Refundable deposits management policy and procedures
- Financial governance policy
- Position descriptions
- Financial delegation of authority
- Internal control framework
- Delegations of authority

Other documents

- Board meeting minutes that include decisions about using and managing refundable deposits and finances
- Monthly, quarterly and annual financial reports, including profit and loss, balance sheet, cash flow statement and other key financial performance indicators
- Internal audit report
- Risk register
- Training plans and completed courses or modules
- Minutes of the audit committee meetings
- Proposals and approvals for capital expenditure, investments, refunding refundable deposits
- Evidence that responsible persons are suitable or qualified (for example, records of training or qualifications)
- Evidence of privacy compliance, including audit trails and secure data handling processes

Liquidity Standard



Key requirements

1. Have a written Liquidity Management Strategy (LMS) that includes:
   - how you calculate the default minimum liquidity amount (MLA) and the evaluated MLA for each quarter
   - factors you consider when you calculate the default and evaluated MLA
   - how you maintain the default and evaluated MLA for a quarter
   - how you manage risks to your liquidity (liquidity risk management framework)
   - how you manage unexpected financial shocks or liquidity shortfalls
   - your governance and reporting processes to regularly check that you are complying with the Liquidity Standard, in line with your financial position and liquidity or financial risks.
2. Your governing body has endorsed the LMS.
3. Maintain the default and evaluated MLA in line with the LMS for each quarter.
4. Notify the Commission when you:
   - elect to maintain the evaluated MLA for a quarter
   - revoke an election to maintain the evaluated MLA for a quarter
   - re-determine the evaluated MLA for a quarter.

Supporting documents

Policies and procedures

- Written LMS for each quarter from 1 July 2026, including changes to your minimum liquidity and the date of the changes
- Cash flow management procedures
- Investment policy
- Financial risk management framework
- Prudential governance policies and procedures
- Financial monitoring and reporting procedure

Other documents

- Bank statements, line of credit statements and other financial assets from 1 July 2026 onwards
- Annual budget
- Cash flow forecast and actual
- Monthly financial or liquidity reports
- Investment portfolio statements
- Loan agreements
- Board minutes
- Evaluated MLA notification forms about change in liquidity amounts, if applicable

Investment Standard



Key requirements

1. Include a written Investment Management Strategy (IMS) that includes:
   - investment objectives
   - roles, responsibilities and accountabilities for implementing the IMS
   - processes to monitor and control the way you delegate (assign) these roles, accountabilities or responsibilities
   - internal reporting processes to make sure you monitor and control your investments and implement the IMS
   - how you manage investment risk
   - processes to recognise, record and respond to non-compliance with the IMS and the Investment Standard
   - processes to regularly review how effective your IMS is and improve it.
2. Your staff have the skills and experience they need for their IMS roles and responsibilities.

Supporting documents

Policies and procedures

- IMS
- Treasury management policy
- Financial risk management framework

Other documents

- Evidence that responsible persons who implement the IMS are suitable or qualified (for example, records of training or qualifications)
- Financial performance or investment performance reports

Rules – RAD register



Key requirements

1. Have and maintain a refundable accommodation deposit (RAD) register that includes information about:
   - the payment of a refundable deposit, accommodation bond or entry contribution
   - amounts deducted from a refundable deposit balance, accommodation bond balance or entry contribution balance
   - refunds of a refundable deposit balance, accommodation bond balance or entry contribution balance.
2. The RAD register shows this information in a single, itemised document.

Supporting documents

Policies and procedures

- RAD management procedures, including RAD register policy and record keeping
- RAD collection procedures, including how to:
  - communicate with residents (older people at the aged care home), families or guardian
  - receipt and handle payments
  - record information in the RAD register

Other documents

- Extract or summary of your RAD register
- Training records for staff who collect and manage refundable deposits and the RAD register

Rules – RAD refunds and transfers



Key requirements

1. You must refund a refundable deposit if the person dies or stops receiving care from you and the refundable deposit has not been (or does not need to be) transferred.
2. You must refund the refundable deposit within the legislative timeframe.
3. You must transfer the refundable deposit to another residential provider if the person stops receiving care from you but continues to receive the same residential care with a different provider.
4. You must pay interest for a refundable deposit refund, in line with the Aged Care Rules.

Supporting documents

Policies and procedures

- RAD refund policies, procedures and processes
- RAD refund steps, showing who can approve and sign off the refund

Other documents

- Evidence of refunds made from 1 July 2026. This includes 5 samples (from 5 people) of:
  - an entry in the RAD register
  - a copy of the accommodation agreement
  - a death certificate or notification of transfer, confirming the date care stopped
  - copies of probate or letters of administration, if needed
  - cheques or EFT or bank statements confirming the refund
  - an entry that shows when you made the refund (to the person, their legal representatives or their estate)*
- Other evidence or correspondence (emails, letters) about the 5 refund samples

* If you made fewer than 5 refunds, you need to provide all available records.

Rules – Disclosure requirements

Key requirements

1. Within 7 days of entering into an accommodation agreement, you give the person a written notification (letter or email). This notification states that you will give them the required information within 7 days of them requesting it.
2. You give them the required information within 7 days of receiving their request.
3. Give a copy of the entry of the person's refundable deposit when they stop receiving care from you or move to another residential care home.
4. Within 4 months of the end of the financial year, you give each person who has a refundable deposit:
   - a copy of the entry of their refundable deposit in the RAD register
   - a written statement that you will provide the required information within 7 days of them requesting it.
5. You give the requested information to a prospective (potential) resident within 7 days of making a request.

Supporting documents

Policies and procedures

- Handling RAD disclosure requests procedure
- Records management policy

Other documents

- Evidence that, less than 4 months after the end of last financial year, you have given the person:
  - a template of the annual disclosure letter
  - entries of their refundable deposit in the RAD register as at the end of the financial year
  - a letter or email advising that you will provide the required information within 7 days of their request
- Evidence of the written notification you give to new residents (within 7 days of entering into an accommodation agreement) telling them you will provide the information they need
- Evidence that you've provided and explained the Statement of Rights to the person
- Information requests you received from prospective and new residents and evidence that you've given them the information within 7 days

Rules – Permitted uses of refundable deposits

Key requirements

1. You only use refundable deposits for permitted purposes. These are to:
   - invest in capital expenditure
   - invest in financial products
   - repay debt accrued for capital expenditure
   - refund or repay debt accrued for refunding refundable deposits
   - make a loan on a commercial basis
   - meet reasonable business losses
   - invest in a fund that is prescribed under the *Banking Act 1959*.

Supporting documents

Policies and procedures

- RAD permitted uses policies, procedures and processes (including reporting and monitoring)
- Investment Management Strategy
- Statement of advice for financial investments

Other documents

- Evidence of permitted uses for capital expenditure, including:
  - list or schedule of capital expenditure (only funded by RADs in full or in part) for the current and last financial year
  - board meeting minutes, emails and reports that describe decisions on refundable deposits used for investments for capital expenditure
  - building proposals, tenders, invoices, receipts and bank statements that give information about using refundable deposits for capital expenditure such as:
    - buying land
    - building, extending or significantly changing premises
    - buying and installing furniture, fittings or equipment
    - architect and other professional fees *(continued on the next page)*

  - council fees
  - site remediation
  - foundation works
  - Construction
  - Significant Refurbishment Application for the Higher Accommodation Supplement and supporting documents
- Evidence of permitted uses to invest in financial products, including:
  - records of refundable deposits used for investment for the current and last financial year
  - bank statements, term deposit statements, transfer documents, statements of advice, authority to proceed with advice reports, monthly performance reports
  - investment portfolio statements and summary reports for invested financial products
- Evidence of permitted uses to make a loan (only funded by RADs in full or in part), including:
  - written loan agreements for the current and last financial year
  - documents that confirm that these are commercial loans
  - the purpose of the loan
  - requirements to repay the loan within a given period
  - the rate of interest payable on the loan
  - the term of the loan
  - schedule of repayments
  - the appropriate guarantor or other security
- Evidence of using debt repayments (only funded by RADs in full or in part) for capital expenditure for the current and last financial year, including:
  - the purpose of the capital expenditure
  - records of the repayments towards the debt
- Evidence of using RADs to refund refundable deposits
- Evidence of other permitted uses, such as for reasonable business losses and in a fund that is prescribed under the *Banking Act 1959*

Publishing accommodation prices

Key requirements

1. Publish information about accommodation on the My Aged Care website, including:
   - the quality, condition, size and amenity (comfort) of the room access to a shared bathroom or a private ensuite
   - specific accommodation or design features in the room
   - the number of residents to whom you may deliver ongoing funded aged care services the quality, condition, size and amenity of the common areas in the residential care home that residents can use
   - specific accommodation or design features in the residential care home that residents can use
   - the maximum accommodation payment amount you can charge for the room or part of the room
   - a copy of the Independent Health and Aged Care Pricing Authority (IHACPA) notice that confirms that you can charge a higher amount for the room or part of the room.

Supporting documents

Policies and procedures

Policies and procedures describing how you:

- calculate room prices
- received IHACPA approval to charge an accommodation payment amount that's more than the maximum accommodation payment amount
- publish and manage accommodation payment amounts and information about rooms

Other documents

- Resident admission package or information package with links to your website that describe your:
  - rooms
  - accommodation payment and options
- Evidence that IHACPA has approved you to charge higher than the maximum amount. For example, a copy of the IHACPA notice

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.

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Find this resource online

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