

Lerwin Aged Care Refundable Accommodation Deposits Governance Policy



COUNCIL POLICY – Lerwin Aged Care Facility Refundable Accommodation Deposits Governance Policy

Reference Number	696288
Responsible Business Unit	Office of the CEO
Responsible Officer	Chief Executive Officer
Legislation	Aged Care Act 1997 Local Government Act 1999
Relevant Delegations	Aged Care Act 1997
Related Policies Management Guidelines Frameworks	Treasury Management Policy Lerwin Admissions Management Guideline Liquidity Management Strategy Lerwin Aged Care Facility Refundable Deposits Management Guideline
Link to Strategic Plan	5.4 – Transparent
Council resolution	149.5
Date Adopted	19 June 2023
Review Date	2025
Previous Revisions	14 August 2017, item 137.1 3 August 2015, Item 186.1 30 June 2014, item 66.3 11 May 2020, item 72.2

POLICY STATEMENT

Council will ensure that Lerwin Aged Care Facility (Lerwin) residents Refundable Deposits are managed according to the Aged Care Act 1997 and are used only for permitted purposes in accordance with legislation.

OBJECTIVES

The Lerwin Aged Care Facility Refundable Accommodation Deposits Governance Policy has been adopted by Council in accordance with Section 56(1) of the User Rights Principles 1997 to:

- Ensure refundable deposit balances are used only for permitted uses and in accordance with Part 3A.3
- Ensure refundable deposit balances are refunded to care recipients in accordance with Division 52P of the Aged Care Act 1997.

SCOPE

This policy applies to all Refundable Deposits received from residents of Lerwin.

PRINCIPLES

Part 3A.3 and Part 4.2 of the Aged Care Act 1997 prescribe certain matters relating to Refundable Deposits. The User Rights Principles have set out the requirements for a governance standard. This policy is intended to compliment Lerwin Aged Care Facility Management Guidelines and ensure compliance with the Prudential Standards.

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Definitions

The Act refers to the Aged Care Act 1997

Authorised Deposit-taking Institution (ADI) refers to a body corporate granted an authority to carry on a banking business in Australia under Subsection 9(3) of the Banking Act 1959 (Cwlth). The Local Government Finance Authority has been authorised as a deposit-taking institution.

Refundable Deposits are refundable deposits or resident entry contributions charged to residents who enter Lerwin and who are not assessed as being of supported resident status.

Governance Standard

- The Council will implement and maintain a governance system that ensures refundable deposits are only used as permitted and that refunds occur within the timeframes required by the Act.
- The system will be documented in writing and be kept up to date. Documentation will cover all requirements of the Act and Principles.
- The Council will ensure that refundable deposit balances are only used for purposes permitted under the Act and that all uses are reported to Council.
- The total of refundable deposit balances will be reconciled monthly between Council's financial records and the investment statements of the financial institution(s) with whom funds are invested. The reconciliations will be reviewed by the Chief Financial Officer.
- Responsible Finance staff will administer interest and refundable deposit refunds, pursuant to the requirements of the Act and Principles, in conjunction with responsible Lerwin staff.
- The refundable deposit register will be reviewed annually by the Council's External Auditor for accuracy and compliance with Section Part 3A.3 of the Act.
- Responsible Lerwin staff will administer arrangements associated with refundable deposit terms, agreements and payments, pursuant to the requirements of the Act and User Rights Principles, in conjunction with responsible Finance staff.
- Where refundable deposits are invested, such investment will be consistent with the Council's investment guidelines and the requirements of the Act.

Responsibilities and delegations relating to refundable deposits are scheduled in the Management Guidelines.

Liquidity Standard

The Council will maintain sufficient liquidity to ensure that it can refund in accordance with the Act and the Principles, any refundable deposit balances that can be expected to fall due in the following 12 months. The Council will maintain and implement a liquidity management strategy, that reflects:

- The amount required to ensure that the Council has sufficient liquidity;
- The factors that the Council has regard to in determining the minimum level of liquidity; and
- The form in which the Council will maintain the minimum level of liquidity. The liquidity management strategy will be in writing and be updated prior to the commencement of each financial year.

Disclosure Standard

Disclosure requirements of the Principles will be met fully within the timeframes specified, and this will include prescribed information being provided to care recipients (or their representatives):

- Within seven days of a refundable deposit being entered into;
- By 31 October each year; and
- Within seven days of requests being made under the User Rights Principles.

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The Council will complete an Annual Prudential Compliance Statement pursuant to requirements of the Act and Principles. The statement will be supported by an independent audit of its contents by the appointed auditor of the Council.

Investment Management Strategy

- The total of refundable deposit balances held by the Council, net of contributions used for other permitted uses, will be invested independently of other Council investments.

The Council will not invest outside of ADI's, or the Local Government Finance Authority (LGFA), subject to the requirements of this policy.

- LGFA investments will only occur if:
 - An equal or greater return is available than offered by ADI's;
 - The investments are guaranteed by the State Government of South Australia;
 - Council's *Investment Policy* is observed; and
 - Sufficient funds remain available to ensure refundable deposit refunds occur within the timeframes required under the Act.
- Council's Investment Policy applies to the investment of all refundable deposits with ADI's and must be observed, and
- Investment delegations covered in the delegations and sub-delegations frameworks of the Council must also be observed.

Responsibilities and Delegations

The governance of this policy – Responsibilities and Delegations specifically addresses the following areas:

- Refundable deposits – setting, negotiating and repayment of refundable deposits
- Resident agreements – form and variation
- Use of refundable deposits
- Key personnel and IT systems

The day to day operation of this policy is delegated to the Chief Executive Officer, who will implement it, being informed by the contents of the Management Guidelines.

The policy identifies issues to be dealt with by the policy, articulates the action required, assigns responsibility for that action and as appropriate sets out reporting frameworks to ensure the Elected Members are informed of the operation and failure of the governance policy. Where appropriate, further notes on relevant issues are also provided.

The Council accepts responsibility for ensuring that all written documentation relating to refundable deposits is up to date and where modification or replacement is required, that this is only done with the authority of the Council. The Council has adopted this governance policy to meet its obligations under the Act and the User Rights Principles.

Reporting and Resolution

In the event of an error or grievance of materiality the matter should be reported to the Chief Financial Officer and resolved within 2 working days.