



Commonwealth Home Support Program (CHSP) for older Australians and National Disability Insurance Scheme (NDIS) Financial Management Policy



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1. Background

The changed funding and reporting structure for the Home and Community Care Program as it transitions to Commonwealth Home Support Program (CHSP) for older Australians and National Disability Insurance Scheme (NDIS) for younger Australians, has necessitated a changed approach to the accounting, financial management and reporting processes for these programs.

WACHS has developed this policy to ensure a well-structured, standardised, accurate methodology to ensure accounting and reporting by WACHS for these programs is of a consistently high standard and meets all program requirements.

2. Scope

This policy applies to the following programs:

- Commonwealth Home Support Program (CHSP) and
- National Disability Insurance Scheme (NDIS).

Regions may have specific CHSP related programs that are captured in cost centres in addition to the CHSP/NDIS cost centres. Any programs of this nature need to be considered and added into the CHSP acquittal.

Note: Budget and expenditure relating to Flexible Home Care Places (FHCP) and Home Care Package (HCP) **must not** be allocated to CHSP/NDIS cost centres.

This policy has been prepared to meet the funding arrangement and requirements during the CHSP transitioning period, effective 1 July 2018.

3. Policy Statement

The CHSP and NDIS Financial Management Policy has been developed and implemented to provide accurate and timely budgeting, accounting, costing, reporting and acquittal of these programs.

3.1 General Costing Principles

The general costing principles as set out in the WACHS Cost Centre and Costing Business Rules Policy apply to the CHSP/NDIS programs.

3.2 Cost Types

The following cost types have been defined in the WACHS Costing Guidelines and are used in this document.

3.2.1 Direct Costs

CHSP/NDIS programs are to be charged for all direct costs attributable to the activities or services provided.

Direct costs refer to those employment and other operational expenditures (other goods and services) that relate specifically to the activity or service being provided.

Salary on costs (including annual leave, long service leave, workers compensation and superannuation) are considered direct costs (FMM, S521).

Workers compensation is to be charged to the CHSP/NDIS cost centres in line with policy at 3.19% of budgeted salaries or actual if reviewed.

3.2.2 Indirect Costs

Indirect costs are exclusive of overhead costs (3.2.3) and predominately relate to services provided at site and/or directorate level of WACHS. These costs are often aggregated by function in support cost centres such as hospital administration, supply, maintenance, hotel services (non-clinical support), CSSD, allied health, pharmacy, pathology, and radiology (clinical support).

For CHSP/NDIS, each region is to ensure appropriate allocation of indirect costs on a monthly basis. The following are the major categories of indirect costs applicable to CHSP/NDIS and are considered separately. Where individual sites have already allocated relevant percentages of these categories of expenditure directly to the CHSP/NDIS cost centre (i.e. via contract variation) this structure can be maintained provided the allocation is reasonable and has been agreed with Central Office Finance.

The recommended methodology for calculating salary costings is via the Program Costing Template (PCT). This provides the relevant salary costings, noting that the payroll overhead component should be excluded for these purposes.

Director of Nursing/Health Service Manager, Business Manager, Administration and Nurse Managers – salaries and wages costs are to be allocated using a metric of CHSP/NDIS funding/total funding for site to determine the relevant percentage allocations for these roles. This can be based on the annual salary plus superannuation and on costs calculated via the PCT and allocated monthly on a 1/12 basis. The costs are to be journaled to/from 341700.

Food – food expenses are to be allocated based on CHSP / NDIS % of total meals from prior year, multiplied by current month cost. If the view is taken that these percentages have varied significantly, then sites should undertake a review. The costs are to be journaled to / from the relevant food line.

FSA/Chef/Cook - allocate based on CHSP/NDIS percentage of total meals from prior year. This can be based on the annual salary plus superannuation and on costs calculated via the PCT and allocated on a 1/12 basis. The costs are to be journaled to/from 341700. Where direct costing of FTE has been implemented this can be maintained.

Utilities – utilities are to be allocated using a metric of CHSP funding/total funding for site to determine a percentage allocation. The costs are to be journaled to/from the relevant utilities line.

Other Expenses – where the site considers appropriate, other costs can be costed to the CHSP/NDIS program based on the funding metric used for DON/HSMs. The costs are to be journaled to/from the relevant line.

Regions are to maintain documentation on the allocation method which is to be made available for audit purposes.

3.2.3 Overhead Costs

Overhead costs refer to organisational costs further removed from funded activity, being the costs of those parts of the organisation that provide the overall leadership and support structure to ensure health services can operate in an efficient, effective and safe manner when providing the activity and services for which it is funded.

The WACHS Executive, most of central office, regional management and business services functions are considered to be organisational overheads.

WACHS follows the WA Health Standard Overhead Charges Policy (FMM s522) which specifies that a standard overhead charge is to be applied to all funds received in relation to tied-funding programs. In this case, a charge of 10 per cent of the total CHSP/NDIS recurrent budget should be applied. The exception is CHSP/NDIS Non Recurrent & One off Grants including Capital, as no overhead charges are applicable.

[WA Health FMM - s522 Standard Overhead Charges](#)

The accounting treatment is detailed in the WACHS Standard Overhead Charge Policy and Procedures ED-CO-16-68919.

3.2.4 Own Sourced Revenue

Revenue generated by the CHSP and NDIS programs, along with associated budgeted revenue and associated expenditure limit, should be allocated to the applicable CHSP/NDIS cost centre.

3.3 Cost Centres

One specific cost centre named “CHSP/NDIS Site” is to be created for each relevant site that provides CHSP/NDIS services within each region.

The CHSP/NDIS cost centres should reflect the funding received from the CHSP and NDIS agreement. In some instances there will be one cost centre for a number of hospital sites, reflecting the grouping in which the funding is distributed.

Some regions may have different cost centres to record different services types, such as, Flexible Respite, Assistance with Care and Housing. They need to be included in the CHSP reporting.

3.4 Costing

All CHSP/NDIS costs are to be allocated to appropriate cost classifications, as described in the chart of accounts, and must adhere to relevant WACHS Cost Centre and Costing Business Rules ED-CO-19-61110.

Only CHSP/NDIS costs, both direct and indirect, should be allocated to the relevant CHSP/NDIS cost centres. This should not include any costs incurred relating to funding received for Flexible Home Care Packages via the MPS agreement.

3.5 Budget Preparation

All budget relating to CHSP and NDIS programs should be loaded to the predefined CHSP/NDIS cost centres. Flexible Home Care Place budget must not be allocated to such cost centres.

CHSP is funded by the Commonwealth and the annual budget is provided by the Department of Health. NDIS is a state-funded program through cash appropriation budget.

The CHSP/NDIS cost centre may include a number of funding sources:

- Program funds – through specific allocation;
- Depreciation – all depreciation is separately funded through WACHS accrual appropriation provided by the Department of Health;
- Other own source revenues resulting from the operation of the program (e.g. client fees).

3.6 Activity Reporting

A CHSP Activity Workplan is provided as part of the CHSP Commonwealth Agreement and details the contracted service types, volumes and unit price for each region per year of the agreement.

CHSP activity reporting is input into Data Exchange (DEX) quarterly by site WACHS CHSP. Activity reporting data will be used in the Program acquittals to support the direct link between expenditure, funding and activity provided.

NDIS activity is reported separately by sites through the Master Data Services (MDS) program that belongs to the State Government.

3.7 Program Accountability, Reporting and Acquittal

All TFP financial reports and acquittals are to be prepared and presented as detailed in the contractual agreement between WACHS and the funder.

CHSP/NDIS are costed to one cost centre rather than separate cost centres for each TFP, so reporting is based on the methodology that there is a direct link between expenditure and activity.

In order to achieve requirements for CHSP reporting the CHSP/NDIS Acquittal Workpaper has been developed. The basis for the Acquittal Workpaper is to allocate the pool of expenditure that relates to both the CHSP and NDIS programs to each program using the activity levels achieved by each program. Regions may adjust the percentage allocation between CHSP/NDIS to reflect a better apportionment base on the service type. Where there is a deviation from the standard apportionment methodology, regions are to evidence or substantiate the deviation.

The Acquittal Workpaper needs to be completed for each site funded for CHSP/NDIS Services. The calculated data from the Acquittal Workpaper then requires consolidation at a regional level in the CHSP Financial Declaration (Appendix) document.

4. CHSP Financial Declaration Roles and Responsibilities

Responsible Officers for these programs are to ensure that this Policy and its Procedures are fully complied with and will ultimately be held accountable for any non-compliance.

Regional Finance Managers are responsible for substantial work scope including preparing PCTs and identifying direct and indirect costs per site.

With advice from regions, the Central Office GL Finance team is to prepare and load the standing journal monthly with consideration of minor updates.

Operations Manager MPS is to ensure that sites accurately record and report activity data to enable financial acquittals to be prepared.

For financial acquittals, regions are to arrange to:

1. Contact a Central Office GL Team member (WACHS.GeneralLedger@health.wa.gov.au) to prepare the general ledger '\$' section of the acquittal;
2. Verify the draft acquittal and obtain initial endorsement from the Regional Finance Manager and Regional Director prior to submission to the Chief Finance Officer for final endorsement.

5. Compliance

Failure to comply with this policy may constitute a breach of the WA Health Code of Conduct (Code). The Code is part of the [Employment Policy Framework](#) issued pursuant to section 26 of the [Health Services Act 2016](#) (WA) and is binding on all WACHS staff which for this purpose includes trainees, students, volunteers, researchers, contractors for service (including all visiting health professionals and agency staff) and persons delivering training or education within WACHS.

WACHS staff are reminded that compliance with all policies is mandatory.

6. Records Management

All WACHS corporate records must be stored in the approved Electronic Documents and Records Management System.

- [Records Management Policy](#)
- [Health Record Management Policy](#)

7. Evaluation

Monitoring of this policy is to be carried out by the Central Office Finance on an ongoing basis.

The policy will be reviewed (and if necessary updated) on a biannual basis to ensure the processes detailed in the policy meet the purpose for which the policy was implemented.

8. Standards

[National Safety and Quality Health Service Standards](#) -1

[Australian Aged Care Quality Agency Accreditation Standards](#) - 8

9. References

WACHS Financial Management Policy - Tied Funding Programs ED-CO-16-49399
WACHS Standard Overhead Charge Policy and Procedures ED-CO-16-68919
WACHS Cost Centre and Costing Business Rules ED-CO-19-61110

10. Related WA Health System Policies

[WA Health Financial Management Manual](#)

11. Policy Framework

[Financial Management](#)

12. Appendices

CHSP Financial Declaration Consolidation Template ED-CO-19-67797
CHSP/NDIS Acquittal Workpaper ED-CO-19-67799

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