
Department of Health**Response to Notice to Produce Documents and Give Information No. NTP/NTG-0784****28 July 2020**

- 1 This is a response to the Notice to Produce Documents and Give Information No. NTP/NTG-0784 dated 27 July 2020, which has been issued by the Royal Commission into Aged Care Quality and Safety (**Royal Commission**) to the Department of Health (**Department**).
- 2 This information is produced to the Royal Commission on the basis that it will be tendered and received in evidence by the Royal Commission pursuant to Notice No NTP/NTG-0784 and on the basis the information be treated as evidence pursuant to section 6DD of the *Royal Commissions Act 1902* (Cth).

Question 3

Information regarding the automated system, specifically:

- a. what financial parameters are used in the automated system to undertake the first pass risk assessment and the relevant weightings for particular financial parameters
- b. the outcome of testing on the accuracy and quality of the automated system
- c. whether or not the Department intends to undertake regular testing on the accuracy and quality of the automated system and if so, the frequency of that testing.

Parameters of the automated first pass risk assessment system

- 3 The Department's automated first pass risk assessment (**FPRA**) system (**TM1 system**) is used to assess financial viability and prudential risks of non-government approved providers of residential aged care. The 12 indicators used in the TM1 system and their weightings are outlined in Confidential Exhibit-9 of the response to NTG-0734 and NTG-0735 [**CTH.1038.0003.3029**]. Each of these indicators can be relevant to the assessment of a provider's financial viability.

Testing of the TM1 system

- 4 Since the indicators used in the FPRA process were built into the TM1 system in 2019, the system has been tested extensively. Testing was conducted prior to implementation of the TM1 system, and again when further refinements to the system were made post-implementation. Broadly, the aim of testing is to provide assurance to the Department's Prudential and Financial Analysis section (**PFAS**) that the TM1 system is operating as designed and is fit for purpose.
- 5 Initial development of the TM1 system involved user acceptance testing (**UAT**) to ensure data captured within and automated by the new system was appropriate. The UAT process involved testing that the financial and prudential data inputs required for the FPRA were being accurately

imported from the data source (**Lotus Notes database**)¹ and that the calculation of those inputs were accurately producing the required individual financial and prudential risk indicators. In particular, the UAT process included checking that:

- (a) the data inputs were being accurately imported from the Lotus Notes database, which involved the PFAS comparing data imported into the TM1 system against the source data in the Lotus Notes database to ensure that all necessary data was being imported;
 - (b) the data inputs had been accurately configured by the system developers to PFAS specifications for each of the indicators to be used in the FPRA;
 - (c) the resulting indicator values and measure values aligned with values produced manually;
 - (d) the risk scores were being correctly assigned to individual providers based on where each provider ranked against the industry benchmark values for all providers;
 - (e) the industry benchmarks / percentile calculations were accurate;
 - (f) the indicators / measures and risk scores were being weighted correctly; and
 - (g) the total risk scores were accurate.
- 6 Issues identified through UAT were logged for actioning by the system developers, and further UAT was conducted for completeness and accuracy once the issues were actioned. Through the UAT process, the PFAS was able to confirm that the TM1 system was fit for purpose and ready for implementation. Further testing carried out since implementation of the TM1 system has confirmed the accuracy of its calculations. No calculation errors have been identified during post-implementation testing.

Ongoing testing

- 7 Ongoing testing of the TM1 system is carried out once the Department receives the source data in the Lotus Notes database, as part of the annual risk parameter review and process of developing new or amended risk parameters. This includes testing of both the importation of the source data from the Lotus Notes database and the configuration and weightings necessary to create the parameters to ensure accuracy, and to confirm that the indicators within the TM1 system are being calculated correctly.

¹ Financial and prudential data inputs used in the TM1 system are initially collected from approved provider financial reports by the Department's contractor, Forms Administration. Following checks of the data for completeness and accuracy, Forms Administration make the data available to the Department by placing the data within the Lotus Notes database. The TM1 system draws data directly from the Lotus Notes database.

Question 4

A copy of the first pass risk assessment report of 2018-19 approved provider data provided to the Prudential Compliance Section of the Aged Care Quality and Safety Commission in February 2020.

- 8 A copy of the 2018-19 first pass risk assessment report which was provided to the Aged Care Quality and Safety Commission in February 2020 has been separately produced under this Notice [CTH.1000.0004.9838].