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THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

JOINT COMMITTEE OF PUBLIC ACCOUNTS

REPORT 262

GUIDELINES FOR THE PREPARATION OF
ANNUAL REPORTS

Australian Government Publishing Service

CANBERRA 1986

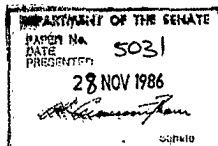


Guidelines for Annual Reports

Report

262

Joint Committee of
Public Accounts



THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

JOINT COMMITTEE OF PUBLIC ACCOUNTS

REPORT 262

GUIDELINES FOR THE PREPARATION OF
ANNUAL REPORTS

Australian Government Publishing Service

CANBERRA 1986

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JOINT COMMITTEE OF PUBLIC ACCOUNTS

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*Ex-officio member being Chairman,
House of Representatives Standing Committee
on Expenditure

DUTIES OF THE COMMITTEE

Section 8.(1) of the Public Accounts Committee Act 1951 reads as follows:

Subject to sub-section (2), the duties of the Committee are:

- (a) to examine the accounts of the receipts and expenditure of the Commonwealth including the financial statements transmitted to the Auditor-General under sub-section (4) of section 50 of the Audit Act 1901;
- (aa) to examine the financial affairs of authorities of the Commonwealth to which this Act applies and of intergovernmental bodies to which this Act applies;
- (ab) to examine all reports of the Auditor-General (including reports of the results of efficiency audits) copies of which have been laid before the Houses of the Parliament;
- (b) to report to both Houses of the Parliament, with such comment as it thinks fit, any items or matters in those accounts, statements and reports, or any circumstances connected with them, to which the Committee is of the opinion that the attention of the Parliament should be directed;
- (c) to report to both Houses of the Parliament any alteration which the Committee thinks desirable in the form of the public accounts or in the method of keeping them, or in the mode of receipt, control, issue or payment of public moneys; and
- (d) to inquire into any question in connexion with the public accounts which is referred to it by either House of the Parliament, and to report to that House upon that question,

and include such other duties as are assigned to the Committee by Joint Standing Orders approved by both Houses of the Parliament.

PREFACE

The Public Service Act 1922 sub-section 25(6) requires the secretary of a department to prepare and furnish to the Minister administering the department an annual report on the department for the year ended 30 June.

Sub-section 25(7) provides that reports prepared under sub-section 25(6) shall be in accordance with guidelines from time to time presented to the Parliament by the Prime Minister after approval by the Joint Committee of Public Accounts.

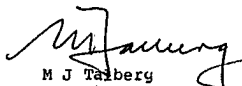
On 1 September 1986 the Prime Minister forwarded to me a new set of guidelines for the preparation of departmental annual reports, to replace the 1982 guidelines, for consideration by the Committee.

The Committee has recommended the inclusion of several clauses which it believes would enhance departmental accountability and the disclosure of information. It has also recommended some minor changes to the guidelines for the sake of clarity and logical layout.

For and on behalf of the Committee.



Senator G. Georges
Chairman



M J Tarberg
Secretary
Joint Committee of Public Accounts
Parliament House
CANBERRA
24 November 1986

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OVERVIEW

1.1 The Committee's consideration of the Guidelines for the Preparation of Departmental Annual Reports arose because of an amendment to the Public Service Act 1922 by the Statute Law (Miscellaneous Provisions) Act (No. 1) 1986.

1.2 Section 25 (7) of the Public Service Act 1922 now requires that departmental annual reports be prepared in accordance with guidelines presented to Parliament by the Prime Minister after approval by the Joint Committee of Public Accounts. The guidelines were referred to the Chairman by the Prime Minister for the Committee's consideration (Appendix A).

1.3 The guidelines are to replace those tabled in the Senate on 11 November 1982 and reflect the Government's Public Service reform measures. The 1982 guidelines (Appendix B) included some additions and alterations in line with proposals of the Joint Committee on Publications in its report "Annual Reports of Commonwealth Departments and Statutory Authorities" which was tabled on 13 September 1979.

1.4 The latest guidelines (Appendix A) were drawn up by the Department of the Prime Minister and Cabinet in consultation with the Department of Finance and the Public Service Board. The Department of the Prime Minister and Cabinet sought comments on the guidelines at draft stage from all Commonwealth departments and from the Royal Australian Institute of Public Administration.

1.5 Further comments on the guidelines were sought from other committees, bodies and departments listed at Appendix C by the Public Accounts Committee.

1.6 The Committee recommends the inclusion of several clauses which it believes will enhance the accountability of departments and place emphasis on the performance aspects of departmental activities. The Committee also recommends minor changes to the guidelines to provide a more logical layout and, for ease of reference, the guidelines have been numbered.

1.7 For the guidance of readers, the guidelines which follow have been interspersed with the Committee's comments and recommendations which are identified by indenting and bolding.

GUIDELINES FOR THE PREPARATION OF DEPARTMENTAL ANNUAL REPORTS INCLUDING COMMITTEE COMMENT AND RECOMMENDATIONS

GENERAL PRINCIPLES

1. Reports should be accounts of departmental operations during the year under review. Special attention should be given to changes that occurred during the year, and departments may wish to foreshadow expected developments in some areas.
2. The orientation of reports should be towards the administrative and managerial aspects of departmental activities.

Committee Comment and Recommendation 1

The Committee believes it is not sufficient for reports to be oriented merely to the administrative and managerial aspect of departmental activities. Reports are not simply an accounting to the Parliament of the departments' administration and management but also a source of information to the public. The public, as well as the Parliament, is entitled to an account of how well a department has performed. The performance aspect of a department's activities is at least as important as the administrative and managerial aspects of its activities and the Committee recommends that paragraph 2 refer to 'the performance, administrative and managerial aspects of departmental activities.'

3. Reports should be concise yet present all information (including background information) necessary for an understanding of the matters covered.
4. There should be a balance between the need to avoid undue repetition of material available to the public elsewhere and the need to provide a comprehensive overview of operations.
5. There should be consistency with information provided by departments in other forms (eg in Budget Papers). Any apparent inconsistencies should be explained.

Committee Comment and Recommendation 2

The Committee agrees that information provided by departments in reports should be consistent with information in other forms but believes it is sufficient if any 'material' inconsistencies rather than any 'apparent' inconsistencies are explained.

6. Care should be taken in presenting any comments with a bearing on the operations of other departments or of authorities.
7. The structure and layout of reports should be designed to ensure clarity and public acceptability. AGPS guidelines on standards of production should be observed.

Committee Comment and Recommendation 3

The Committee agrees with the Joint Committee on Publications that annual reports should not be regarded as public relations exercises and where a publicly funded body is not competing in a commercial field it is inappropriate for public funds to be used for the production of prestige and expensive reports.

The Committee believes that it should be mandatory for departments to comply with AGPS guidelines on standards of production and recommends that those guidelines 'must' be observed rather than 'should' be observed.

Committee Comment and Recommendation 4

In order to decrease the production time of annual reports the Committee also recommends that greater use be made of camera-ready production.

8. The detailed content and structure of reports are the responsibility of secretaries of departments, who should consult their Ministers as appropriate.
9. Reports should be prepared on a financial year basis and be available for the estimates debates in the Budget Sittings. When reports are not available in time, departments are required to provide an interim statement in A4 duplicated form for the information of the Parliament. In any case reports should be available within 6 months of the end of the reporting period.

CONTENTS

1. Each report should contain (but not necessarily be limited to):

Committee Comment and Recommendation 5

The Committee agrees with the recommendation of the Joint Committee of Publications that the guidelines should require a reference to the legislative requirement for the tabling of annual reports, that is, the Public Service Act 1922 sub-section 25(6).

The Committee also agrees that the guidelines should require a statement of the reports made under other Acts which are included in an annual report. Such a statement would facilitate the task of checking that the reporting requirements of various Acts are met.

The Committee recommends that the following paragraph (a) be inserted:

- (a) a clear statement of the legislation requiring the tabling of a report, that is, sub-section 25(6) of the Public Service Act 1922, and a statement (in either the letter of transmittal or in the contents pages) of reports made pursuant to other Acts, which are included in the annual report.
- (b) a clear statement of the department's goals and objectives, highlighting any changes during the year under review;
- (c) a description of the department's structure, with an organisation chart, showing senior officers, regional offices and associated bodies, again highlighting changes during the year;
- (d) an account of the department's significant activities during the year, showing any programs and legislation it administers and indicating performance against targets, results achieved etc;
- (e) an account of the management of the department during the year, including the operation of any major trust funds/trust accounts and other trading and /or cost recovery activities, and, as appropriate, financial and staffing information of the kinds listed in the attachment to these guidelines;
- (f) information relating to the Freedom of Information Act (covered by separate guidelines issued by the Attorney-General's Department);

Committee Comment and Recommendation 6

In view of the recent amendment to the Freedom of Information Act 1982 section 8 which now requires information about a department's functions and documents to be published in an annual report rather than a separate statement, the Committee recommends that a reference to the requirements of section 8 be inserted in the guidelines.

Committee Comment and Recommendation 7

The Committee believes that information should be provided about significant judicial decisions affecting a department or the users of the department's services, and any changes in the department's procedures as a result of such decisions.

The Committee recommends that the following paragraph (g) be inserted:

- (g) information on any significant judicial decisions affecting the department or the users of the services provided by the department, and any consequent changes in departmental procedures;

Committee Comment and Recommendation 8

To be effective, any department should regularly review what it is trying to achieve and the way in which it operates. Parliament should be informed of major departmental reviews and the outcome of such reviews.

The Committee recommends that the following paragraph (h) be inserted:

- (h) information concerning any major reviews of the objectives or structure of the department during the year, the outcome of the reviews and changes or proposed changes resulting from each review;

Committee Comment and Recommendation 9

The Committee believes that departments should, where appropriate, be responsive to consumer complaints and that Parliament should be advised of any changes to departmental practices or services resulting from consumer complaints or suggestions.

The Committee recommends that the following paragraph (i) be inserted:

- (i) where appropriate, information on the extent and main features of consumer complaints, indicating any services improved or changed as result of complaints or consumer suggestions made;

(j) reference to other sources of information concerning the department, including publications, policy information and policy discussion papers, submissions to advisory bodies or inquiries, major Ministerial Statements printed in Hansard and major Ministerial or departmental news releases, with bibliographical details and addresses and phone numbers of information officers; and

(k) reference to the activities of small statutory bodies which are responsible to the Minister and do not produce reports of their own, and information (in line with the response by the Government to the Senate Standing Committee on Finance and Government Operations' Interim Report) on non-statutory bodies in the Minister's portfolio.

2. Reports of departments providing laboratory services should include information on facilities such as that contained in Volume 3 of the Report of the Committee of Inquiry into Commonwealth Laboratories (the Ross Report).
3. Reports of all departments should reflect the general thrust of the Government's package of administrative reforms and should show the impact of those reforms on departmental operations. The attachment to these guidelines is designed to indicate the bearing of the reform package on management issues likely to need coverage in annual reports.

ATTACHMENT

A. MANAGEMENT ISSUES

1. Where appropriate departments should include in their annual reports reference to:
 - (a) their approaches to financial and staff resource management;
 - (b) recent and planned developments, and initiatives instituted, in financial and staff resource management, and progress in implementing the aims and requirements of the Financial Management Improvement Program, Staff Budgeting and Program Budgeting; here should be included such aspects as:
 - (i) corporate planning structures and resource management strategies;
 - (ii) the impact of consolidation of appropriations and cash limits;
 - (iii) developments in management information systems;

- (iv) the extent of delegations granted and functions devolved to managers and others;
- (v) management of staff resources (ie comparative data on recruitment, retention rates, exit rates and mode of separation - eg resignation, invalidity, retirement);
- (vi) the relationship between organisational structure and program structure (with specific reference to the allocation of responsibilities between program and functional managers);
- (vii) cash management reviews; and
- (viii) developments in financial/staff resource management training;
- (c) performance measures used, or being developed, in evaluating financial and staff resource management in the department;
- (d) performance-monitoring activities undertaken by internal units and external agencies;
- (e) progress made during the financial year in achieving economies;
- (f) work undertaken on behalf of the department by other agencies, and vice versa;
- (g) action taken in respect of comments/criticisms in reports of the Auditor-General or Parliamentary Committees; and
- (h) procedures for the collection of revenues and the incurring of forward obligations; the extent and timing of uncollected revenues and outstanding obligations should also be disclosed.

Committee Comment and Recommendation 10

In its report on Forward Obligation of Government Expenditures, Report 256, p. 22, the Committee commented that it saw merit in requiring departments to report in their annual reports breaches of approved obligation limits. The Committee recommends that a paragraph be inserted requiring details to be provided of breaches of forward obligation limits and any other breaches of the Audit Act 1901 and the Finance Regulations and Directions. Such a requirement should provide added incentive for a department to improve its performance.

The Committee recommends that the following paragraph A.1. (i) be inserted:

(i) details of breaches of approved forward obligation limits and any other breaches of the Audit Act 1901 or the Finance Regulations or Directions.

2. As departments implement the more program-oriented approach to resource management and budgeting which the Government has decided to adopt, their reports should provide:

- (a) clear statements of program objectives;
- (b) analyses of program performance and progress towards the achievement of objectives; and
- (c) an accounting for the resources used by departments against individual programs.

Committee Comment and Recommendation 11

The Committee agrees with the Department of Finance that events may have overtaken the opening phrase to paragraph 2 since the government's program-oriented approach to resource management and budgeting is virtually in place.

The Committee recommends that the opening phrase be deleted and paragraphs 2(a), (b) and (c) be moved to the end of paragraph A.1. (b), as (ix), (x) and (xi), which covers resource management and program budgeting.

Committee Comment and Recommendation 12

The Committee believes that Parliament is entitled to know of the reasons for any significant delays to, or amendment, deferment or cancellation of, a department's programs and recommends the inclusion of a paragraph requiring this information to be provided.

The Committee recommends that the following paragraph A.1.(b) (xii) be inserted:

- (xii) reasons for any significant delays to, or amendment, deferment or cancellation of, programs.

B. FINANCIAL STATEMENTS

1. Elaborating on and referring to the data contained in the Financial Statements prepared by the Minister for Finance pursuant to section 50 of the Audit Act 1901, departments should provide tables, graphs, charts (as appropriate) showing:
 - (a) details of expenditure (not only from the Consolidated Revenue Fund and from the Loan Fund but also categorised according to programs), supported by explanatory notes;
 - (b) details of revenue received into the Consolidated Revenue Fund and the Loan Fund by source, type and program, supported by explanatory notes; and
 - (c) details of the transactions of the separate heads of the trust fund or trust accounts administered by the department (in addition, the annual report should contain an analysis of, and an assessment of the operations of, each fund or account; the analysis and assessment should be related not only to the inputs involved - financial and staffing - but should also cover the impact on the outputs and outcomes of the programs to which they relate).
2. Tables, graphs, charts, etc. should be accompanied by an explanation of significant changes from one year to the next and must be consistent with other published financial data (any differences should be explained). Data should include current year actuals and budget estimates and actuals for at least the previous year.

Committee Comment and Recommendation 13

The Committee believes that in view of the recent government administrative reforms aimed at providing departments with more responsibility and flexibility in managing resources, a departmental secretary should provide and certify a financial statement which will reflect his/her financial management responsibility.

The Committee agrees with the view of the Department of Finance that financial statements provided in annual reports should do more than merely elaborate on data already provided in the financial statements prepared by the Minister for Finance under section 50 of the Audit Act 1901.

The Committee notes that the Department of Finance proposes that section 50 be amended to enable departmental financial information to be more efficiently and effectively presented and that the amendments come into operation on 1 July 1988.

In line with the devolution of greater management responsibility to departments, the Committee agrees with the Department's proposal that -

- . the Minister for Finance's responsibility for furnishing section 50 statements be reduced to include only aggregate information from each department; and
- . responsibility for reporting detailed financial information be transferred to each departmental secretary who should provide audited certified financial statements in a form determined by the Minister for Finance, as part of the department's annual report.

The Committee recommends that paragraphs B.1 and B.2 be omitted and the following paragraphs be inserted:

1. An annual report should include an audited statement prepared by the department and certified by the departmental secretary. The certification should state that all departmental expenditure for the financial year has been made with due consideration to economy and in accordance with the Audit Act 1901 and the Finance Regulations and Directions.
2. Financial statements should be in accordance with the form determined by the Minister for Finance pursuant to section 50 of the Audit Act 1901. Where section 50 does not provide for such a determination or no such form has been determined, the financial statements should include, as a minimum, the following information:
 - (a) details of receipts and payments of annual appropriations on a program basis and explanations of variance from budget figures;
 - (b) details of free services provided by other agencies with an estimate of the amount;
 - (c) details of individual Trust Account operations under sections 50 and 62A of the Audit Act 1901;
 - (d) a schedule of cash and investment balances;
 - (e) a statement of amounts of debtors and creditors by program;

- (f) a schedule of amounts of prepayments;
 - (g) a schedule of capital commitments and outstanding loan balances; and
 - (h) a schedule of major capital assets operated (by class); their value and the date and method of valuation.
3. Financial statements should be accompanied by an explanation of significant changes from one year to the next and must be consistent with other published financial data (any material differences should be explained). Data should include current year actuals and budget estimates and actuals for at least the previous year.
 4. Where a department undertakes operations of a commercial or quasi-commercial nature in respect of which the Minister for Finance has determined, pursuant to section 41D of the Audit Act 1901, the form in which it shall prepare financial statements for those operations, the departmental annual report should:
 - (a) incorporate financial statements in the form determined;
 - (b) provide information as to the operational performance of the undertaking (eg the operating surplus as a proportion of working capital provided, trends in turnover, etc.) including, where practicable, non-financial performance measures.

Committee Comment and Recommendation 14

The Committee recommends the insertion of a sentence providing that the financial statements referred to in paragraph B.4 must comply with the Guidelines for the Form and Standard of Financial Statements of Commonwealth Undertakings, issued by the Department of Finance.

C. STAFFING INFORMATION

1. Departmental annual reports should provide an overview of the staffing levels and characteristics of the department, with statistics in a sufficiently standardised form to permit comparisons with Service-wide statistical information published by the Public Service Board. Figures included in reports should be consistent with figures provided in returns of staff reported to the Public Service Board.

2. The kinds of staffing information in reports should include information on the classifications and locations of staff, with indications of how many staff are employed full-time/part-time and how many are employed under the Public Service Act 1922/other Acts. The numbers of men and women in the department and in various categories of staff should be shown. In relation to Senior Executive Service Staff, there should be information regarding level, sex, gains/losses and participation in staff development activities.

Committee Comment and Recommendation 15

The Committee agrees with the comment by the Standing Committee on Finance and Government Operations that statistics on casual staff should be included in annual reports and recommends that paragraph C.2 be amended accordingly.

Committee Comment and Recommendation 16

The Committee recommends that a paragraph on external consultants be inserted. In view of the increasing use of external consultants the Committee believes there should be some form of monitoring the usefulness and cost of services provided by such consultants. Publication of brief details of consultants would also enable departments to check with other departments on the range and quality of services provided.

The Committee recommends that the following paragraph C.3 be inserted:

3. Details of the extent to which external consultants are used by the department, including (where practicable) the names of the consultants, the projects involved, the cost to the department and the justification for their use.
4. Accounts should be given of activities in the field of occupational health and safety, and (as required under S.22C of the Public Service Act 1922) of the implementation and operation of the department's industrial democracy plan. Similarly, the department's equal employment opportunity plan might be summarised, and performance assessed against it.
5. Other kinds of staffing information, reflecting the nature of particular departments and their work, should also be included in annual reports as appropriate.

APPENDIX A

LETTER DATED 1 SEPTEMBER 1986 FROM
THE PRIME MINISTER



PRIME MINISTER
CANBERRA

1 SEP 1986

Senator George Georges
Chairman
Joint Committee of Public Accounts
Parliament House
CANBERRA ACT 2600

Dear Senator Georges

Amendments to the Public Service Act last year require departments to produce annual reports each financial year in accordance with guidelines from time to time presented to the Parliament after approval by the Joint Committee of Public Accounts.

A new set of guidelines, replacing those tabled in 1982 and reflecting the Government's Public Service reform measures, has been drawn up by my Department in consultation with the Department of Finance and the Public Service Board. A copy is attached and I should be grateful if you would arrange for it to be considered by the Public Accounts Committee.

The view was expressed in the Senate towards the close of the Autumn Sittings earlier this year that the guidelines should be considered by the Joint Committee of Publications. The Government feels that the Public Accounts Committee is the appropriate forum, but if you find that the Publications Committee is interested you may choose to invite it to comment.

It is hoped to have new guidelines tabled during the Budget Sittings, in time for their use by departments in the preparation of their 1986-87 annual reports.

Yours sincerely

R.J.L. Hawke

GUIDELINES FOR THE PREPARATION OF DEPARTMENTAL ANNUAL REPORTS

General Principles

Reports should be accounts of departmental operations during the year under review. Special attention should be given to changes that occurred during the year, and departments may wish to foreshadow expected developments in some areas.

The orientation of reports should be towards the administrative and managerial aspects of departmental activities.

Reports should be concise yet present all information (including background information) necessary for an understanding of the matters covered.

There should be a balance between the need to avoid undue repetition of material available to the public elsewhere and the need to provide a comprehensive overview of operations.

There should be consistency with information provided by departments in other forms (e.g. in Budget Papers). Any apparent inconsistencies should be explained.

Care should be taken in presenting any comments with a bearing on the operations of other departments or of authorities.

The structure and layout of reports should be designed to ensure clarity and public acceptability. AGPS guidelines on standards of production should be observed.

The detailed content and structure of reports are the responsibility of Secretaries of departments, who should consult their Ministers as appropriate.

Reports should be prepared on a financial year basis and be available for the estimates debates in the Budget Sitings. When reports are not available in time, departments are required to provide an interim statement in A4 duplicated form for the information of the Parliament. In any case reports should be available within 6 months of the end of the reporting period.

Contents

Each report should contain (but not necessarily be limited to):

- a clear statement of the department's goals and objectives, highlighting any changes during the year under review;
- a description of the department's structure, with an organisation chart, showing senior officers, regional offices and associated bodies, again highlighting changes during the year;

- an account of the department's significant activities during the year, showing any programs and legislation it administers and indicating performance against targets, results achieved etc;
- an account of the management of the department during the year, including the operation of any major trust funds/trust accounts and other trading and/or cost recovery activities, and, as appropriate, financial and staffing information of the kinds listed in the attachment to these guidelines;
- information relating to the Freedom of Information Act (covered by separate guidelines issued by the Attorney-General's Department);
- reference to other sources of information concerning the department, including publications, policy information and policy discussion papers, submissions to advisory bodies or inquiries, major Ministerial Statements printed in Hansard and major Ministerial or departmental news releases, with bibliographical details and addresses and phone numbers of information officers; and
- reference to the activities of smaller statutory bodies which are responsible to the Minister and do not produce reports of their own, and information (in line with the response by the Government to the Senate Standing Committee on Finance and Government Operations' Interim Report) on non-statutory bodies in the Minister's portfolio.

Reports of departments providing laboratory services should include information on facilities such as that contained in Volume 3 of the Report of the Committee of Inquiry into Commonwealth Laboratories (the Ross Report).

Reports of all departments should reflect the general thrust of the Government's package of administrative reforms and should show the impact of those reforms on departmental operations. The attachment to these guidelines is designed to indicate the bearing of the reform package on management issues likely to need coverage in annual reports.

ATTACHMENT

Management Issues

Where appropriate departments should include in their annual reports reference to:

- . their approaches to financial and staff resource management;
- . recent and planned developments, and initiatives instituted, in financial and staff resource management, and progress in implementing the aims and requirements of the Financial Management Improvement Program, Staff Budgeting and Program Budgeting; here should be included such aspects as:
 - corporate planning structures and resource management strategies;
 - the impact of consolidation of appropriations and cash limits;
 - developments in management information systems;
 - the extent of delegations granted and functions devolved to managers and others;
 - management of staff resources (i.e. comparative data on recruitment, retention rates, exit rates and mode of separation - e.g. resignation, invalidity, retirement);
 - the relationship between organisational structure and program structure (with specific reference to the allocation of responsibilities between program and functional managers);
 - cash management reviews; and
 - developments in financial/staff resource management training;
- . performance measures used, or being developed, in evaluating financial and staff resource management in the department;
- . performance-monitoring activities undertaken by internal units and external agencies;
- . progress made during the financial year in achieving economies;
- . work undertaken on behalf of the department by other agencies, and vice versa;
- . action taken in respect of comments/criticisms in reports of the Auditor-General or Parliamentary Committees; and

- procedures for the collection of revenues and the incurring of forward obligations; the extent and timing of uncollected revenues and outstanding obligations should also be disclosed.

As departments implement the more program-oriented approach to resource management and budgeting which the Government has decided to adopt, their reports should provide:

- clear statements of program objectives;
- analyses of program performance and progress towards the achievement of objectives; and
- an accounting for the resources used by departments against individual programs.

Financial Statements

Elaborating on and referring to the data contained in the Financial Statements prepared by the Minister for Finance pursuant to section 50 of the Audit Act 1901, departments should provide tables, graphs, charts (as appropriate) showing:

- details of expenditure (not only from the Consolidated Revenue Fund and from the Loan Fund but also categorised according to programs), supported by explanatory notes;
- details of revenue received into the Consolidated Revenue Fund and the Loan Fund by source, type and program, supported by explanatory notes; and
- details of the transactions of the separate heads of the trust fund or trust accounts administered by the department (in addition, the annual report should contain an analysis of, and an assessment of the operations of, each fund or account; the analysis and assessment should be related not only to the inputs involved - financial and staffing - but should also cover the impact on the outputs and outcomes of the programs to which they relate).

Tables, graphs, charts, etc. should be accompanied by an explanation of significant changes from one year to the next and must be consistent with other published financial data (any differences should be explained). Data should include current year actuals and budget estimates and actuals for at least the previous year.

Where a department undertakes operations of a commercial or quasi-commercial nature in respect of which the Minister for Finance has determined, pursuant to section 41D of the Audit Act 1901, the form in which it shall prepare financial statements for those operations, the departmental annual report should:

- . incorporate financial statements in the form determined; and
- . provide information as to the operational performance of the undertaking (e.g. the operating surplus as a proportion of working capital provided, trends in turnover, etc.) including, where practicable, non-financial performance measures.

Staffing Information

Departmental annual reports should provide an overview of the staffing levels and characteristics of the department, with statistics in a sufficiently standardised form to permit comparisons with Service-wide statistical information published by the Public Service Board. Figures included in reports should be consistent with figures provided in returns of staff reported to the Public Service Board.

The kinds of staffing information in reports should include information on the classifications and locations of staff, with indications of how many staff are employed full-time/part-time and how many are employed under the Public Service Act 1922/other Acts. The numbers of men and women in the department and in various categories of staff should be shown. In relation to Senior Executive Service staff, there should be information regarding level, sex, gains/losses and participation in staff development activities.

Accounts should be given of activities in the field of occupational health and safety, and (as required under s.22C of the Public Service Act 1922) of the implementation and operation of the department's industrial democracy plan. Similarly, the department's equal employment opportunity plan might be summarised, and performance assessed against it.

Other kinds of staffing information, reflecting the nature of particular departments and their work, should also be included in annual reports as appropriate.

APPENDIX B

1982 GUIDELINES FOR DEPARTMENTAL
ANNUAL REPORTS

GUIDELINES FOR THE CONTENT, PREPARATION AND PRESENTATION OF ANNUAL REPORTS BY STATUTORY AUTHORITIES

Introduction

These guidelines are intended to cover generally the annual reporting requirements for statutory authorities (incorporated or unincorporated authorities established by or pursuant to a law of the Commonwealth or the A.C.T.) and are subject to refinement in the light of experience.

Reports of small unincorporated authorities and office holders within the public account may continue to be included in the related departmental reports where it is practical to do so.

The guidelines do not, of course, override statutory requirements imposed by the legislation on individual authorities, but to the extent that they require a higher standard than does the legislation, they should be followed by all such authorities.

All authorities are to provide annual reports as soon as possible after the end of their financial year, if possible in time for the estimates debate in the Budget Sittings. At the very latest, reports should be submitted within six months (unless a shorter period is provided in the legislation of an individual authority). An explanation will be submitted to Parliament if the deadline has to be extended in exceptional cases (the new deadline is to be mentioned in the explanation). Ministers will ensure that reports are tabled within fifteen sitting days of receipt.

Where there is a requirement for a form of financial statements to be approved by the Minister for Finance, authorities should commence negotiations with the Department of Finance early enough to allow issues to be resolved without delaying the annual report. Authorities also need to bear in mind the need for reasonable time to be allowed for completion of auditing of the financial statement within the six month deadline.

Report Contents

Reports should be the means of providing a wide dissemination of information on authorities, with special attention being given to making available material that might not otherwise be made public as a matter of course.

Application of these guidelines to those authorities engaged in commercial competition with the private sector is subject to the need to protect commercially sensitive material.

The following information is to be provided in future annual reports:

- (i) Enabling legislation: A clear statement of the legislation (if any) under which the organisation operates.
- (ii) Responsible Minister: To be shown. A description of any statutory powers of discretion which the Minister has over the authority and details of the exercise of any such powers, subject to the need to protect confidential information, to be included.
- (iii) Powers, Functions and Objects: To be detailed.
- (iv) Membership and Staff: A list of the members of the body and their terms of appointment, together with listing of senior executive staff and a statement of the total number of staff employed by the organisation. In addition, the basis for staffing of the organisations should be identified. The address and phone number of the information officer should also be included.
- (v) Financial Statements: All Government bodies should provide statements which adequately disclose financial aspects of their activities. For example, where the form of a body's financial statements is approved by the Minister for Finance, the approved form must, of course, be followed; where an unincorporated body has no specific financial responsibilities and no financial reporting requirement exists, it might be appropriate to disclose departmental receipts and expenditure relevant to its operations, while avoiding unnecessary duplication of the information contained in the annual financial statements prepared by the

Minister for Finance. The requirement for adequate disclosure will extend to bodies incorporated under companies legislation if the Commonwealth is sole owner or shareholder; this will not affect the need to satisfy the reporting requirements under company law. The Department of Finance and the Auditor-General's Office are preparing guidelines which will assist Commonwealth undertakings in preparing financial statements; an exposure draft entitled 'Proposed Guidelines for the Form and Standard of Financial Statements of Commonwealth Undertakings' was issued in August 1980. The Exposure Draft has been considered by the relevant Parliamentary Committee.

- (vi) Activities and Reports: A description of the principal programs and activities of the body noting objectives and reviewing achievements. Information on interaction with other authorities, departments and State and international bodies should be provided as should a list of publications during the reporting period.
- (vii) Operational Problems: A description of the major problems which have arisen in the body's activities, including details of requisite Government action to overcome such problems e.g. the amendment of the enabling Act.
- (viii) Subsidiaries: Details of subsidiary companies formed, or interest acquired in existing companies, are to be provided. It is a desirable practice to include the annual report of such subsidiaries as are controlled by the parent authority with the report of that authority, where this is feasible.

GUIDELINES FOR DEPARTMENTAL ANNUAL REPORTS

A. General Principles

- (1) Reports should be the means of providing a wide dissemination of information on the activities of departments, with special attention being given to making available material that might not otherwise be made public as a matter of course. Undue repetition of material already widely publicly available should be avoided; reference to the source and availability of such material may be appropriate.
- (2) The reports should provide an account of departments' more significant activities and any background information necessary to an understanding of these.
- (3) Reports should be oriented towards administrative, managerial and operational aspects of departmental activities.
- (4) Ministers will be responsible for tabling annual reports in the Parliament and otherwise publicising them. The detailed content of reports will be the responsibility of Permanent Heads who should consult as necessary with their Ministers.
- (5) Where comments are made impinging on the operations of other departments and authorities, special care should be taken to see that all views are presented in a balanced way.
- (6) Reports should be concise yet present all information necessary for an understanding of the matters covered. Some reports, especially those from policy oriented departments, may be quite short.
- (7) As reports are to provide information on the operation of departments rather than to promote them, modest standards of production are desirable and appropriate. Relevant AGPS Guidelines should be closely observed.
- (8) If practicable, reports should be prepared on a financial year basis and should be available if possible for the estimates debates, in the Budget Sittings. When there are difficulties getting reports finished in time for the estimates debates departments should provide an interim statement in A4 duplicated form for the information of the Parliament. Departments currently producing annual reports on a calendar year basis may continue to do so.

B. Contents

(1) Standard information such as:

a top structure organisation chart, including regional offices and associated bodies, with an indication of those that report separately to the parliament

a brief outline of the main functions of the department, highlighting any changes consistent with the Government's policy on access to information, an indication of further sources of information, including other publications, policy information and policy discussion papers and references to submissions to various advisory mechanisms, committees of inquiry, etc. with adequate bibliographic details and address and phone number of information officer

selected financial information associated with the administration of programme and the operation of the department; this information should be consistent with financial information published in the Budget Papers, and the Financial Statements prepared by the Minister for Finance statistics in annual comparative form; on main programs administered and departmental administration, including staffing

a list of senior officers (at divisional head level and above)

information relating to the Freedom of Information Act (covered by separate guidelines issued by the Attorney-General's Department)

reference to the activities of smaller statutory and non-statutory bodies responsible to the Minister where separate reports are not produced by these bodies.

(2) Optional information such as:

a description of programs, particularly those involving direct services to the public, including significant developments during the year and reference to the principal Acts administered

reviews of objectives, processes and achievements, including information on management improvement activities

personnel development activities systems and legislative changes significantly affecting the department

the effects of administrative review mechanisms (Ombudsman, Administrative Appeals Tribunal, etc.) on the organisation, operation and workload of the department and any consequent changes in procedures and decision making processes.

APPENDIX C
COMMITTEES, BODIES AND DEPARTMENTS
INVITED TO COMMENT

COMMITTEES, BODIES AND DEPARTMENTS INVITED TO COMMENT

Senate Standing Committee on Finance
and Government Operations

Joint Committee of Publications

Australian Accounting Research Foundation

Australian Institute of Public
Administration

Australian Institute of Management
NSW Limited

Institute of Chartered Accountants
in Australia

Australian Society of Accountants

Dept. of Prime Minister & Cabinet

Public Service Board

Dept of Finance

Auditor-General's Office