

2009 NSW PREMIER'S PUBLIC SECTOR ANNUAL REPORTS AWARD ASSESSMENT CRITERIA

General Criteria

In making an assessment of each annual report, Review and Judging Panel members must ensure that each entry provides adequate information about the following:

- the organisation;
- the context/environment in which it operates;
- what it sets out to achieve;
- what it does/services it provides;
- what it actually achieved;
- those factors and drivers which made it happen; and
- where the organisation is heading.

Guiding Principles

Panel members must also take into consideration adherence to the following principles of good reporting:

Relevance - Information is meaningful and relevant to the decision-making needs of the user groups.

Reliability - Information is valid and complete and is also fair and free from bias and material errors.

Comparability – The report allows comparisons with the performance targets set and also past results achieved as well as with the achievements of other comparable organisations.

Clarity - information is presented in plain English, free of jargons and complex technical language and can be easily understood by the readers.

Overall, the report should be designed in a way to:

- maximise the level of communication, disclosure and comprehension for the various user groups;
- ensure ease of understanding of the reported matters; and
- encourage the reader to open the report and to hold the reader's attention once inside.

To this end, the report needs to be clear and concise, with material presented in a logical order and free from internal inconsistencies. Appropriate charts, graphs, tables and photographs ought to be used to enhance and support key messages.

Other presentation aids that should be used include:

- a table of contents;
- an alphabetical index of contents, preferably with some description;
- a table of definitions and glossary of terms;

- comprehensive navigation aids through the report (ensuring that all categories of stakeholders can find their way around the report and are able to easily identify and select material of interest);
- references to the agency's website and other relevant electronic links and sources of information;
- a calendar of major events together with brief explanations; and
- the locations of the major functional activities of the agency – including addresses, website, email, telephone and fax numbers.

Specific Criteria

The Judging Panel examine the short listed reports giving weighting in the following areas:

- a. Achievements (performance reporting) - 30%
- b. Financial and asset management - 20%
- c. Directions/challenges - 10%
- d. Overview of the agency - 10%
- e. Presentation - 30%

To assist agencies in the preparation of a good annual report detail is given on the following pages of best practice annual reporting. The judging panel give consideration to those reports that integrate as many of the following components as possible.

Executive Summary

The early pages of the report should present a high-level summary of the performance for the year at a glance including:

- progress towards achievement of the agency's desired outcomes and objectives and the Government's policy priorities;
- key performance indicators and targets and a brief review of achievement;
- highlights and successes during the year as well as problems and setbacks in performance; and
- plans and outlook for the following year.

Overview of the Agency

The report should present a profile and description of the agency so as to provide a background context for its discussion and analysis of performance. The following is a list of matters that are expected to be included:

- statements relating to the vision, mission, desired outcomes, objectives, corporate values and broad strategies of the agency as well as details of the major functions or services performed. (The statements should also include details of any significant changes from the previous year.) The outcomes and objectives adopted need to be relevant, specific and measurable (where possible);
- explanation of the linkages between the outputs, objectives, desired outcomes and policy priorities of the Government;
- context/environment in which the agency operates and also the key challenges it faces and the planned responses to those challenges;

- organisation structure, management processes and stakeholder engagement systems;
- outcome and output structure (in the case of budget dependent General Government Sector agencies);
- enabling legislation (where applicable); and
- a summary of key stakeholder information.

Report on Performance

In order to provide a comprehensive discussion and analysis of the performance results of an agency, the report needs to disclose the following matters:

- a set of key performance indicators that are linked to the desired outcomes and objectives of all aspects of the agency's operations and are used consistently from year to year;
- brief explanation of the significance of the key performance indicators including details of any changes from the previous year;
- performance targets for the year as stated in the strategic and annual business plans, the Results and Services Plans, the Statements of Corporate or Business Intent and the Budget Papers;
- a comparison of the actual performance achieved during the year with the targets and objectives set;
- adequate explanations for instances of major under- and over-performance and, in the case of under-performance, details also of lessons learned and actions taken to improve services;
- a review of performance results for the last five years (i.e. trend data and a discussion and analysis of changes over time);
- financial and non-financial information to show how resources and strategies influenced the results for the year (including the costs involved in providing the major outputs);
- a benchmarking comparison with the performance results achieved by similar agencies in the State and in other Australian jurisdictions (including data, where available, on cost efficiency and cost effectiveness for outputs and outcomes);
- an outline of the major initiatives and projects planned for the year and details of the results achieved (together with explanations for any delay and the revised target date for completion);
- the detailed discussion and analysis on performance should also cover:
 - the extent to which the agency was wholly or partly responsible for the outcomes achieved;
 - shared responsibilities for cross-agency performance issues and the agency's contribution to the joint outcomes;
 - highlights of major achievements as well as significant shortcomings, setbacks and problems in performance;
 - major factors, events and trends that affected the agency's performance during the year; and

- responsiveness to client concerns about service problems (including references to the effectiveness of the complaints handling system and the use of complaints information as feedback mechanism to improve services);
- the future operating environment and developments as well as future plans and major projects (including those that are designed to further improve performance). This section of the report is expected to contain pertinent forward-looking information and comments such as:
 - a discussion of the future outlook for the agency (including issues and events that are likely to have a significant impact on the following year's performance or position);
 - details of expected future changes and trends within the operating environment; and
 - an outline of what the agency aims to achieve in the coming periods (particularly in the next year) and objective measures of performance;
- the effect of the agency's actions on the environment; measures taken to minimise the impact of the agency's actions on the environment; and the mechanisms (if any) for reviewing and increasing the effectiveness of those measures;
- the agency's responses to the reports tabled in Parliament by Parliamentary Committees and the Auditor-General and also to issues of public interest raised in the media about the activities of the agency; and
- if applicable, details of any matter or circumstance that has arisen since the end of the year and has significantly affected or may significantly affect the agency's operations or financial results in future years and how the agency plans to deal with those issues.

Management and Accountability

(a) Corporate Governance

The report should provide a coverage of the main corporate governance issues (where applicable) such as:

- role and composition of the board or governing body as well as details of the qualifications, experience and expertise of members and the balance of non-executive and executive members;
- independence of members including policies on disclosure of relationships between members and the agency and on dealing with potential and actual conflicts of interest;
- process of appointment of members including identifying the parties involved in the decision, appointed term and procedures at the end of the appointed term;
- terms and conditions of membership including criteria for remuneration and retirement benefits;
- process and criteria for review of board performance;
- frequency of board meetings, attendance details and nature and amount of work undertaken by members;
- delegation of functions by the board including the roles, objectives and memberships of board committees;

- procedures for chief executive appointment and performance review;
- board's access to management and mechanisms for developing knowledge of the agency;
- board's access to independent professional advice including the existence of written guidelines;
- mechanisms adopted by the board for providing leadership to, and interaction with, management;
- details of the names, qualifications, experience and remuneration of the senior executive officers and their responsibilities and performance;
- senior management committees and their roles;
- approach to risk management and internal control;
- ethical standards including the existence of written codes or guidelines for board members, management and staff; and
- freedom of information disclosures

Where applicable, a commentary should also be provided on actions taken during the year to address weaknesses in corporate governance as well as on any significant changes in practices since the previous report.

(b) Management of Human Resources

The report is expected to provide an assessment of the agency's effectiveness in managing and developing its staff to achieve its objectives. This would include consideration of:

- workforce planning, staff retention and turnover;
- workforce profile and numbers (including categories and numbers of full-time equivalent employees);
- industrial relations policies and initiatives;
- relevant industrial awards and enterprise agreements;
- key training and development strategies as well as the results of evaluation of their effectiveness;
- occupational health and safety objectives, targets and performance; and
- equal employment opportunity initiatives and outcomes.

(c) Purchasing and Asset Management

The report should provide a brief assessment of the agency's performance in the purchasing of inputs (excluding human resources) and also in asset management. Summarised information on the use of consultants, competitive tendering and contracting is expected to form part of the overall assessment.

Financial Commentary and Analysis

An excellent report is one that:

- presents financial information in a way that assists readers in understanding the information;
- provides comparative data over a number of years;
- integrates financial and other resources management information into the main body of the report and not simply presents financial statements at the end of the report; and
- provides a discussion and analysis of the financial activities and management of the agency as well as a commentary on those material factors that affected or will affect financial performance or position.

Other Prescribed Information

The report must also include, either in the main body of the report or in the appendices, all other matters that are required to be disclosed by the annual reporting and other legislation as well as by specific policy directives.

The legislation which governs annual reporting is the Annual Reports (Departments) Act and Regulations and the Annual Reports (Statutory Bodies) Act and Regulations.

The following are other disclosure requirements in the annual reporting legislation that have not been referred to in the specific assessment criteria stated above:

- details of internal and external reviews of performance conducted during the year and the benefits achieved as a result of those reviews;
- funds granted to non-government community organisations;
- particulars of research and development activities;
- progress in implementing the Government's disability plan;
- number and total value of properties disposed of during the year;
- types of publications and other information available to the public;
- accounts payment performance;
- progress in implementing the agency's Ethnic Affairs Priority Statement and Ethnic Affairs Agreement;
- details of Action Plan for Women;
- implementation of the Government's Waste Reduction and Purchasing Policy; and
- additional performance information on controlled entities (e.g. subsidiary companies).

Apart from the above, there are three additional annual reporting requirements for statutory bodies:

- a detailed budget;
- reports on investment performance and liability management performance; and
- details of social programs provided by the agency.