



THE AUDIT OFFICE
OF NEW SOUTH WALES



Performance Reporting

Public Sector Annual Reporting Workshop
23 June 2008

Peter Achterstraat
Auditor-General of NSW

Making the people of NSW proud of the work we do

'Agencies' annual reports are a key mechanism by which they account for their performance.'

Audit Office Better Practice Guide

'openness and transparency in reporting has now assumed even greater importance in light of.....the increasing focus on good corporate governance in the public sector '

SAI Global HB 405-2004 Disclosure and Transparency Frameworks

Performance Reporting



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- **Annual Reports**
- **Continuous Reporting:**
 - **Monthly/quarterly**
 - **Real-time**

Performance Reporting - Foundations



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Agencies must:

- Be clear about what they are trying to achieve
- Know how they are going to get there
- Have sound systems and measure to support and track progress
- Have a good governance culture

Performance Reporting - Good Governance Culture



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- 'Doing the right thing'
- Openness and Transparency
- Honestly
- 'Tone at the top' - leaders decide what gets measured and reported

Taxpayers have a right to expect Governments to be honest and provide information about how well their taxes are being used

Governance Principles



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1. Lay solid foundations for management and oversight (accountability and leadership)
2. Structure the Board to add value - agencies with Boards (accountability)
3. Promote ethical and responsible decision-making (integrity and stewardship)
4. Safeguard integrity in financial reporting (stewardship)

Governance Principles (cont)



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5. Make timely and balanced disclosure (integrity and transparency/openness)
6. Key stakeholder management (transparency/openness)
7. Recognise and manage risk - (accountability)
8. Remunerate fairly and responsibly (accountability)

ASX and ANAO

Annual Reports Law



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- Annual Reports (Departments) Act 1985
- Annual Reports (Statutory Bodies) Act 1985
- Annual Reports (Departments) Regulation 2005
- Annual Reports (Statutory Bodies) Regulation 2005

What makes a good Annual Report?



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Guiding Principles

- **Relevance** - meaningful and relevant information
- **Reliability**- valid and complete information
- **Comparability** - historical and benchmarks
- **Clarity** - plain English

PBRC Assessment Criteria

What makes a good Annual Report?



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Should provide information on:

- the organisation
- its context/environment
- what it sets out to achieve
- what it does
- what it actually achieved
- factors and drivers which made it happen
- where the organisation is heading

What makes a good Annual Report - BPG 7 principles



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1. Agency objectives - clear and measurable
2. Focus on results and outcomes
3. Discuss results against expectations
4. Complete and informative - setbacks as well as successes
5. Explain changes over time
6. Provide evidence of value for money and benchmarks
7. Discuss risks, strategies and the external factors

'Five page' or '30 second' test
Year-ahead

AO NSW Better Practice Guide

What makes a good Annual Report?



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- Overview/objectives/highlights
- Review of operations or activities
- Details and analysis of financial performance, financial statements and related notes
- Statistical summaries

ARA Reporting Awards

Audit Office Better Practice Guide - Checklist



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Focussing on results and outcomes

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Performance information should focus on results and outcomes.

Does the annual report focus on reporting results and outcomes by:

- distinguishing clearly the agency's clients, services, inputs, outputs and outcomes?
- concentrating on reporting outcomes and outputs?
- identifying and reporting outcomes against each of the agency's objectives?
- identifying and reporting progress towards both short-term (intermediate) outcomes and long-term (ultimate) outcomes?
- comparing achievements against expectations (that is, objectives and targets)?
- showing a clear relationship between agency objectives and outcomes (that is, how agency activities directly influenced outcomes)?
- reporting client responses to services?
- including both qualitative and quantitative performance indicators?

Audit Office Review of Annual Reports



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Report Number 118 (October 2003):

- Department of Corrective Services
- Department of Mineral Resources
- Department of Sport and Recreation
- NSW Fire Brigades
- NSW Police
- State Electoral Office
- Central Sydney Area Health Service
- South Western Sydney Area Health Service.

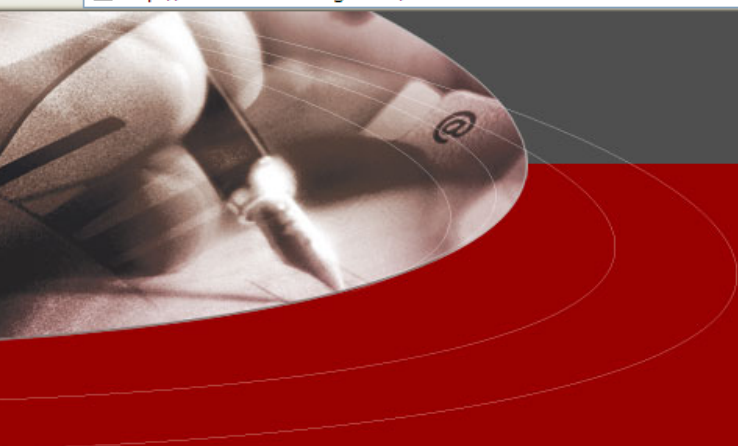
How do NSW public sector reports rate?



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Areas to improve:

- 'Five page' or '30 second' test
- Focus more on results and outcomes
- KPIs should measure all your objectives
- Include setbacks as well as successes
- Benchmarking
- Brevity



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THANK YOU

