

Submission

No 3

INQUIRY INTO INQUIRY INTO FINANCIAL REPORTING

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Theme:

Summary



New South Wales

DEPARTMENT OF PRIMARY INDUSTRIES

DGO10/496

Mr Paul Gibson MP
Chairman
Public Accounts Committee
Parliament House
Macquarie Street
SYDNEY NSW 2000



7 - JUL 2010

Dear Mr Gibson

Re: Inquiry into the quality and timeliness of financial reporting

I refer to your letter dated 2 June 2010 seeking submissions into the quality and timeliness of financial reporting. Please find below my comments in relation to the matter.

1. The Results and Services Plan (RSP)

I&I NSW has developed a Corporate Plan for 2010 – 2013. Each division within I&I NSW develops a business plan, on an annual basis to achieve the aims contained within the Corporate Plan. This process effectively replaced the RSP.

Each month the Divisions within I&I NSW report on their achievements and formally report against business plans on a quarterly basis.

From a financial perspective I&I NSW has centralised the financial reporting function. Corporate Services functions have been centralised which has facilitated streamlined reporting and monitoring process for I&I NSW. We report to Treasury monthly via TOES and we prepare monthly financial management reports that present actual data against budget, so financial performance can be monitored on a timely basis.

As a consequence of these developments, the Results and Services Plan (RSP) has become redundant to agencies (and users of the report) due to the need to only prepare the document once every four years. Agencies conduct their own internal strategic planning process on a more regular and rigorous basis, often to reflect major shifts in strategy or portfolios, reducing the relevance of the RSP to the year it is developed only.

2. How to Improve the Budget Papers

There needs to be a greater focus on Consolidated Revenue for those Government agencies that derive a significant percentage of revenue from sources other than Treasury. Reporting against the Net Cost of Service alone can mask the real performance of a government agency and its ability to manage and control consolidated revenue and positive cash balances.

The requirement to report Ministerial Summaries in Budget Paper 3 of the Budget Estimates is not useful to the user of the report as there may be changes to Ministerial Portfolios after printing and/or the aggregation of values for dissimilar service groups can be confusing. In addition, Service groups in the Budget Papers also contain the allocations of corporate overheads that are managed independently of service groups within agencies.

Yours sincerely



RICHARD SHELDRAKE
DIRECTOR-GENERAL