

Public Accounts Committee
Parliament of New South Wales

**Report on proposed regulations
accompanying the Annual Reports
(Departments) Act 1985 and
miscellaneous amendments concerning
annual reporting**

1985-86

Parliament of New South Wales

**Public Accounts Committee of the
Forty-eighth Parliament**

Twenty-third Report

Report on examination of proposed Annual Reports (Departments) Regulations and Public Finance and Audit Act (Departments) Regulations and of proposed amendments to Annual Reports (Statutory Bodies) Regulation and Public Finance and Audit Act (Statutory Bodies) Regulations, as required by Annual Reports (Departments) Act 1985 (s. 19 (2)), the Annual Reports (Statutory Bodies) Act (s. 16 (2)) and the Public Finance and Audit Act 1983 (s. 63A (3)).

May 1986

60515-17364--I

Members of the

Public Accounts Committee

The members of the Public Accounts Committee are:

Mr John Murray, M.P., Chairman

John Murray, formerly a teacher, was elected Member for Drummoyne in April, 1982. An Alderman on Drummoyne Council for three terms, John Murray was Mayor of the Council for five years and served four years as Councillor on Sydney County Council. He is currently a member of the Prostitution Committee and the House Committee.

Dr Andrew Refshauge, M.P., Vice-Chairman

Andrew Refshauge was elected as Member for Marrickville in October, 1983. He previously practised as a Medical Practitioner with the Aboriginal Medical Service and was a past President of the Doctors' Reform Society. He is currently a fellow of the Senate of the University of Sydney.

Mr Colin Fisher, M.P.

Colin Fisher was elected Member for Upper Hunter in February, 1970. Former Minister for Local Government (1975) and Minister for Lands and Forests (1976), in opposition Colin Fisher has served as National Party Spokesman on Local Government, on Planning and Environment, and on Energy.

Mr Phillip Smiles, M.P.

Phillip Smiles was elected Member for Mosman in March, 1984. A management and marketing consultant since 1974, Phillip Smiles has been involved with entrepreneurial business activities since his teens. Since entering Parliament he has been actively interested in the areas of small business, emergency services, welfare and financial analysis.

Mr Allan Walsh, M.P.

Allan Walsh was elected Member for Maitland in September, 1981. Following eight years as a Mirage Fighter pilot with the R.A.A.F., he was involved in business management. Allan Walsh has also taught industrial relations, management and history at technical colleges.



Committee Members. From left: Andrew Refshauge (Vice-Chairman), Phillip Smiles, Colin Fisher, John Murray (Chairman), Allan Walsh

Secretariat

Frank Sartor, B.E., B.Comm.(Hons.), Director

Sue Chapple, B.A.(Hons.), Senior Project Officer

Bob Pritchard, AASA, CPA, Advisor on secondment from the Auditor-General's Office

Christina Assargiotis, Secretary/Word Processor Operator Heidi-Marie Zywko,
Secretary/Word Processor Operator

New South Wales Public Accounts Committee

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Chairman's Foreword

On 26 March, 1986, the Honourable K.G. Booth, Treasurer, gave the Committee a reference, in terms of Section 16 (2) of the Annual Reports (Statutory Bodies) Act, Section 19 (2) of the Annual Reports (Departments) Act and Section 63A (3) of the Public Finance and Audit Act, to examine and report on proposed regulations on the annual reporting of departments and proposed amendments to regulations on the annual reporting of statutory bodies.

The Committee has reviewed the proposed regulations and believes that, when brought into force, the proposals will greatly enhance the cause of accountability and public disclosure of information, by extending many of the reporting requirements of statutory bodies to departments.

The Committee has recommended the inclusion of a number of additional regulations which it feels would further enhance accountability in the public sector.

On behalf of the Committee I commend the Treasurer for his continuing initiatives to improve public sector annual reporting and increase public sector efficiency.

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**Public Accounts
Committee**

Parliament House, Sydney 2000
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PARLIAMENT OF NEW SOUTH WALES
LEGISLATIVE ASSEMBLY

11th April, 1986.

The Hon. Kenneth G. Booth M.P.,
Treasurer
3rd Floor, Premier's Wing,
State Office Block,
Cnr Bent and Macquarie Streets
SYDNEYNew South Wales 2000

Dear Mr Booth,

I refer to your letter of 26th March, 1986, in which you referred proposed regulations on the annual reporting of departments and proposed amendments to regulations on the annual reporting of Statutory Bodies, to the Public Accounts Committee pursuant to Section 16 (2) of the Annual Reports (Statutory Bodies) Act, Section 19 (2) of the Annual Reports (Departments) Act and Section 63A (3) of the Public Finance and Audit Act.

I am pleased to forward herewith the Committee's comments on the proposed regulations and amendments.

The Committee has in the main recommended only minor changes to the proposals. It has, however, recommended a number of additional regulations which the Committee considers would enhance accountability and the amount of publicly available information. The additional recommendations are discussed in Section 3 and 4 of the attached Report, which I expect to table in the near future.

On behalf of the Committee, I commend your continuing initiatives to improve the accountability and efficiency of government operations.

Yours faithfully,

John Murray, M.P.
Chairman.

60515-17364--2

**TREASURER
NEW SOUTH WALES**

J H Murray Esq BA MP
Chairman
Public Accounts Committee
SYDNEY

Dear Mr Murray

In terms of section 16(2) of the Annual Reports (Statutory Bodies) Act, section 18(2) of the Annual Reports (Departments) Act and section 63A(3) of the Public Finance and Audit Act, I am forwarding herewith for your Committee's examination and report, proposed regulations on the annual reporting of departments and proposed amendments to regulations on the annual reporting of statutory bodies.

The recent recommendation of your Committee that annual reports include a statement by Department Heads as to the cost effectiveness of expenditure has been excluded from the draft regulations at this stage, pending review in relation to the efficiency and effectiveness requirements of section 47 of the Public Service Act. When I have obtained further information and advice from the Public Service Board on this matter, I will consult with the Premier and make a decision. However, I feel that the rest of the regulations should not be held up pending resolution of this aspect.

In view of the importance of making these regulations available to departments and statutory authorities, I would appreciate it if your comments could be made available within two weeks.

Yours sincerely

Treasurer

3. Proposed Regulations Under the Annual Reports (Departments) Act, 1985

a) Recommended Changes

In considering the proposed regulations the Committee not only took into account the recommendations of its previous Reports, but also the clarity and logical layout of the proposed regulations.

The changes to the proposed regulations recommended by the Committee are -

1. Clause 3 (d) management and structure -

The requirement in sub clause (iii) for a list of all significant committees could appear to duplicate a similar requirement in sub clause (i). To clarify the meaning of sub clause (iii) it is recommended that commas be inserted after the word committees, each time it occurs.

2. Clause 3 (e)(i) summary review of operations -

The Committee believes that Departments should set realistic, attainable objectives which allow some form of measurement. If a Department has been able to set such objectives, then Parliament is entitled to know the degree of success in meeting the objectives. To this end the committee recommends that sub clause (i) be expanded to require information on how the objectives were measured and the degree of success in attaining the objectives.

3. New Clause 3 (h) dealing with major review of objectives, functions or structure of the Department.

The Committee recognises that, to be effective, any organ-isation must regularly review where it is going, what it

is trying to achieve and the way in which it operates. Parliament needs to be reassured that Departments are regularly reviewing their relevance and to know the ~~cont~~ **cont** of such reviews. The Committee therefore recommends a new clause to specifically require this information to be provided.

4. Renumbered clause 3(i) management and activities (Note -originally clause 3(h))

a) The original sub clause (v) would logically follow sub clause (i). The Committee recommends that sub clause (v) be renumbered (ii), and the numbering of the following sub clauses be adjusted appropriately.

b) That a new sub clause (iii) relating to internal audit be inserted. Section 11(2) of the Public Finance and Audit Act, 1983, requires that the Departmental Head, wherever practicable, establish and maintain an effective internal audit organisation. The broad field of performance review practices was the subject of the Committee's 15th Report. The Auditor-General, in his 1984-85 Report, drew attention to the fact that a number of internal audit units did not possess the level of computer skills necessary to effectively review their own Department's computer installations. The Committee recommends that Departments be required to include in their Reports information on their internal audit units and the performance review practices employed.

c) That a new subclause (iv) relating to management improvement plans be inserted. It is understood that Departments are now required to prepare management improvement plans. The Committee believes that the provision of information as to the plans adopted and

the results achieved would enhance the public accountability of Departments.

d) That a new sub clause (v) relating to management information systems be inserted. Previous Inquiries of the Committee have revealed that the range of management information systems in use by Departments is fairly narrow. The Committee believes that the effective use of appropriate management information systems is essential for good decision-making. A specific requirement to publicly report on the use of such systems would provide an incentive for the introduction of better systems.

e) The original sub clause (ii), renumbered (vi) requires a description of the major problems and issues that have arisen. The Committee believes that such information would be incomplete without some indication of the action taken to either overcome the problem or meet the issue. While recognising that most Departments would provide such information, the Committee nevertheless recommends that the sub clause be expanded to specifically require such information.

5. Renumbered sub clause 3(k) human resources -

a) That sub clause (iii) re personnel policies and practices be expanded to include details of staff development and training schemes. The Committee believes that the effective day to day operation of a Department depends on the quality of its staff development and training. Inclusion of this specific requirement would indicate to the user of the Report how seriously a Department has accepted its responsibilities in this area.

- b) That sub clause (iv) be expanded to include information on occupational health and safety practices. The N.S.W. Government has played a leading role in improving occupational health and safety. The Committee believes that Departments should be required to report on what they have done to implement the Government's policies in these areas.
- c) That a new sub clause (v) on equal employment opportunity be inserted. The Committee recommends the inclusion in Reports of a summary table showing the progress made in this field. The inclusion of such information would provide the reader with a useful picture of the Department's performance in this area.
- d) That a new sub clause (vi) concerning consultants be inserted. The Committee has noted a trend towards increased use of external consultants. It considers that there should be some form of monitoring the usefulness of the services provided. Publication of brief details of consultants employed would enable other Departmental Heads to check with their colleagues on the quality of the services provided.
6. That a new sub clause 4 (c) be inserted to provide for the inclusion of a statement signed by the Department Head stating that all expenditure for the financial year has been made with due consideration to economy and in accordance with the Public Finance and Audit Act (1983). The Committee recommended the inclusion of such a statement in its Report into Year-end Spending in Government Departments and Statutory Authorities. The Committee notes that this matter was excluded from the draft regulations pending review in relation to the efficiency and effectiveness requirements of the Public Service Act, but wishes to emphasise its view that such a statement be required in annual reports.

7. That a new sub clause 4 (d) concerning post-reporting year information be inserted. As the main purpose of annual reports is to provide information on the organisation's functions and activities, the Committee considers that it would be misleading if the annual report did not contain details of significant post reporting year matters which affect the Department or its clients. The inclusion of Such information would accord with current private sector practices.

NOTE: Minor changes recommended by the Committee such as pluralisation of words etc. have not been discussed here. However, all changes recommended by the Committee are identified by bold type in the Committee's proposed regulations as amended which immediately follow.

b) Proposed Regulations as Amended

Note that proposed amendments to the regulations put forward by the Committee are shown in bold. This includes additions, changes of words and changes in sequence.

ANNUAL REPORTS (DEPARTMENTS) ACT 1985 - REGULATION

HIS Excellency the Governor, with the advice of the Executive Council, and in pursuance of the Annual Reports (Departments) Act 1985, has been pleased to make the Regulation set forth hereunder.

Treasurer.

Citation

1. This Regulation may be cited as the "Annual Reports (Departments) Regulation 1986".

Interpretation

2. In this Regulation--

"reporting year", in relation to a Department, means--

a) except as provided by paragraph (b), the financial year, within the meaning of the Public Finance and Audit Act 1983, of the Department; or

b) such year as may be determined by the Treasurer to be the reporting year of the Department;

"the Act" means the Annual Reports (Departments) Act 1985.

Information and particulars in report of operations

3. For the purposes of Section 11 (1) and (2) of the Act, the following particulars are prescribed in relation to the following matters:

- a) charter - a statement of the manner in which and the purpose for which the Department was established and a statement of the principal legislation the Department administers;
- b) aims and objectives - information as to what the Department sets out to do, the range of services provided by the Department and the clientele or section of the community served by the Department;
- c) access - the address and telephone number of the principal office or offices of the Department and the business and service hours of the Department;
- d) management and structure--
 - i) the names of the principal officers of the Department and the offices they occupy, particulars of any appropriate qualifications of those officers, the names of significant committees of the Department, the names of the members of those committees and the names of officers and offices held by those officers as members of significant statutory bodies and significant interdepartmental committees;
 - ii) an organisation chart indicating functional responsibilities within the Department;

- iii) a list of all significant committees, and the functions of any such committees, established during the year and those that were abolished;
- e) summary review of operations--
- i) the narrative summary of the significant operations for the financial year highlighting the means by which and the degree of success with which the Department has achieved its objectives;
 - ii) selected financial and other quantitative information associated with the administration of programs or the operations of the Department;
- f) legal change - changes in Acts and subordinate legislation and significant judicial decisions affecting the Department or the users of the services provided by the Department;
- g) economic or other factors - factors which have affected the achievement of the operational objectives of the Department during the reporting year;
- h) information concerning any major reviews of the objectives, functions or structure of the Department which have been carried out during the reporting year, the outcome of the reviews and any changes or proposed changes resulting from each review;
- i) management and activities--
- i) a description of the nature and range of activities undertaken;
 - ii) where practicable, qualitative and quantitative measures and indicators of performance showing the level of efficiency and effectiveness;

- iii) the nature and extent of performance review practices employed, including information on the internal audit unit (or its equivalent) and, where the Department has a computer installation, the extent of computer skills within the internal audit unit;
 - iv) a description of management improvement plans adopted by the Department and the results achieved;
 - v) a list of the major management information systems together with explanations of how the output from the systems is used in decision-making;
 - vi) a description of the major problems and issues that have arisen and the action taken thereon;
 - vii) details, lists or tables of major works in progress, the cost of those works to date and the estimated dates of completion, together with particulars of significant cost overruns in major works or programs;
 - viii) the reasons for any significant delays to, or amendment, deferment or cancellation of, major works or programs;
 - j) research and development - particulars of completed research and continuing research and development activities together with the resources allocated for that research and those activities, unless the inclusion of those particulars would, in the opinion of the Department Head, adversely affect any business or commercial operations conducted by the Department;
- human resources--
- i) the number of officers and employees, by category, with comparison to each of not less than 3 years prior to the reporting year;

- ii) any exceptional movement in wages, salaries or allowances;
- iii) personnel policies and practices, including details of staff development and training activities;
- iv) industrial relations policies and practices including any significant or anticipated changes in working conditions to meet occupational health and safety requirements;
- v) action taken to implement equal employment opportunity practices, together with details of the present status and representation within the Department of the major community groups;
- vi) 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;
- vii) overseas visits undertaken by officers and employees with the main purposes highlighted;
- l) promotion - a statement setting out the types of publications and other information available to the public dealing with the functions and activities of the Department and indicating those which were published by the Department during the reporting year;
- m) consumer response - the extent and main features of consumer complaints, indicating any services improved or changed as a result of complaints or consumer suggestions made;
- n) time for provision of services - where appropriate, the standard times for providing services, together with comment on any variance from the standard or changes made to the standard.

Additional matters for inclusion in annual reports

4. For the purposes of Section 9 (1) (d) of the Act, there shall be shown in the annual report of a Department--

- a) a list of major assets, other than land holdings, appropriately classified and highlighting major acquisitions made in the reporting year;
- b) by means of a graph or similar pictorial representation,

monthly spending for stores and equipment purchases
- c) a statement signed by the Department Head stating that all expenditure for the financial year has been made with due consideration to economy and in accordance with the Public Finance and Audit Act (1983); and
- d) any matter arising after the end of the reporting year, and before the annual report is submitted to the appropriate Minister under Section 12 (1) of the Act, which could have a significant effect in the succeeding financial year on -
 - i) the financial operations of the Department;
 - ii) the other operations of the Department; or
 - iii) the clientele or section of the community served by the Department.

Form of annual reports - generally

5. The annual report of a Department shall be effectively presented and arranged with attention given to--

- a material information reported;
- b an index or table of contents;
- c logical sequence of information;
- d appropriate layout of information;
- e clear readable text; and
- f appropriately captioned charts, diagrams or photographs.

Format, etc., of annual reports - presentation to Parliament

/ 6. (1) The copies of an annual report of a Department which are laid before Parliament or distributed to members of Parliament shall be of the size I.S.O. B5.

(2) The appropriate Minister, in transmitting copies of an annual report to the Clerk of the Parliaments and the Clerk of the Legislative Assembly pursuant to Section 13 (2) of the Act, shall transmit a sufficient number of copies for distribution to the members of Parliament.

Public availability of annual reports

7. (1) A Department Head shall keep, at the office of the Department, sufficient copies of the annual report in order to meet normal public demand.

(2) A Department Head shall, where required by the Treasurer to do so, furnish copies of the annual report to the New South Wales Government Information Centre, or to such person or persons as may be specified by the Treasurer, for purchase by the public at a price per copy not greater than the direct cost of production per copy.

Exemptions

8. (1) The Treasurer may, on application by a Department Head made at any time, grant an exemption from any or all of the provisions of this Regulation, other than subclause (4), in relation to the annual report of the Department for a particular reporting year.

(2) An exemption under subclause (1) may be granted subject to such conditions as the Treasurer may determine.

(3) An exemption under subclause (1) shall cease to apply where the Treasurer, by notice in writing, so informs the Department Head to whom the exemption was granted.

(4) An exemption under subclause (1) and the reasons therefor shall be included under a separate heading entitled "Exemptions from the Reporting Provisions" in the annual report for the reporting year in which the exemption applies.

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4. Additional matters for inclusion in annual reports
5. Form of annual reports - generally
6. Format, etc., of annual reports - presentation to Parliament
7. Public availability of annual reports
8. Exemptions

4. Proposed Regulations (for Departments) Under the Public Finance and Audit Act, 1983

a) Recommended Changes

In considering the proposed regulations the Committee has taken into account the regulations issued under this Act in respect of statutory bodies. The Committee found the proposed regulations satisfactory. However, it considered that the proposed regulations would be enhanced by the inclusion of a number of the clauses (suitably adapted) contained in the statutory bodies regulations.

There was concern that, under program budgeting, some of the additional information suggested might not otherwise be disclosed. As the Committee's suggestions are essentially extracts from the existing regulations, it has not been considered necessary to separately argue the justification for their inclusion. Suggestions are identified by bold type in the Committee's proposed regulations as amended which immediately follows.

b) Proposed Regulations as Amended

Note that proposed amendments to the regulations put forward by the Committee are shown in bold. This includes additions, changes of words and changes in sequence.

PUBLIC FINANCE AND AUDIT ACT 1983 - REGULATION

HIS Excellency the Governor, with the advice of the Executive Council, and in pursuance of the Public Finance and Audit Act 1983, has been pleased to make the Regulation set forth hereunder.

Treasurer.

Citation

1. This Regulation may be cited as the "Public Finance and Audit (Departments) Regulation 1986".

Interpretation

2. (1) In this Regulation, except in so far as the context or subject-matter otherwise indicates or requires--

"financial statements", in relation to a Department, means the financial statements of the Department referred to in Section 45E of the Act;

"department" means a person, group of persons or body specified in Column 1 of Schedule 3 to the Act;

"the Act" means the Public Finance and Audit Act 1983.

(2) In this Regulation, any question of whether a matter relating to financial statements is material shall be determined having regard to the statements of accounting standards issued by the National Councils of the Institute of Chartered Accountants in Australia and the Australian Society of Accountants and known as the Australian Accounting Standards.

Receipts and payments information

3. (1) For the purposes of Section 45E (1) (a) (iv) and (b) of the Act--

(a) the statement of receipts and payments shall show the extent to which receipts have been paid to and payments have been met from the Consolidated Fund and the Special Deposits Account; and

(b) the following information shall be disclosed either within the statement of receipts and payments or as a separate statement:

(i) the amount appropriated to the Department for the financial year by the Appropriation Act for that year in no lesser detail than that set out in the Budget Estimates, and the payments actually made by the Department during that financial year;

(ii) the amount estimated in the Budget Estimates to be appropriated to the Department for the financial year from each special appropriation and the amount actually paid from each special appropriation to the Department during the financial year; and

(iii) in relation to special deposits operated on by the Department, for each individual account, a statement of receipts

and payments classified, where appropriate, by program and item.

(2) Any significant variations between appropriations referred to in subclause (1) (b) (i) and (ii) and payments actually made referred to in subclause (1) (b) (i) and (ii) shall be identified by way of a separate schedule and the reasons for the variations stated or, where it is not practicable to include all details in the one statement, further information may be included in notes to the statement of receipts and payments.

Statement of balances information

4. For the purposes of Section 45E (1) (a) (iv) and (b) of the Act, except where the Treasurer has, under Section 45E (2) of the Act, approved that the preparation of a statement of balances be dispensed with, there shall be shown separately in the financial statements of the Department in relation to the Consolidated Fund and the Special Deposits Account, the description and amount of all cash balances and securities held under the direct administration of the Department compared to the corresponding balances at the close of the previous financial year.

Additional information shown by notes or otherwise

5. For the purposes of Section 45E (1) (a) (iv) and (b) of the Act, there shall be shown by way of notes or otherwise to the financial statements of a Department--

(a) in relation to -

- (i) the statement of balances - the basis of accounting, whether by historical cost or otherwise; and
- { ii) the statement of receipts and payments - the basis of accounting, indicating where accrual accounting has been used in place of historical cost;

- (b) details of changes in accounting policies adopted since the previous reporting year;
 - (c) a reference to whether or not Australian Accounting Standards (where applicable) have been adhered to in preparing the financial statements.
 - (d) a schedule of uncollected amounts (including assessments issued but not yet paid) appropriately classified by type and age;
 - (e) amounts due and unpaid in respect of goods and services provided to the Department prior to the end of the financial year or, where this is not practicable, the amount paid for such goods and services during the first month of the immediately following financial year, and an amount for the previous year, prepared on the same basis, shall also be disclosed;
 - (f) the description and estimated amount of contingent liabilities with appropriate particulars;
 - (g) a schedule of repayable amounts, whether owing on public borrowings or other repayable advances, setting out those repayable amounts that are due--
 - (i) not later than 1 year;
 - (ii) later than 1 year but not later than 2 years;
 - (iii) later than 2 years but not later than 5 years;
- and

(iv) later than 5 years,

after the end of the financial year;

- (h) a schedule of debts written off during the financial year classified by type;
- (i) the amount and particulars of capital expenditure contracted for so far as the amount has not otherwise been accounted for;
- (j) the amount and particulars of material lease or hire expenditure contracted for so far as the amount has not been provided for showing separately the amount of expenditure which is payable within 12 months after the end of the financial year;
- (k) with the exception of amounts disclosed as referred to in paragraph (e), the amount of estimated liability for material commitments, other than capital expenditure to which paragraph (i) applies;
- (l) the estimated amount of material expenditure incurred by other government departments and statutory authorities in direct support of the Department but not charged to or accounted for by the Department or, where this is not practicable, a reference to the department or statutory authority that is providing the support;
- (m) comment on any account or any sum of money held for 2 years or more, indicating the reasons for holding the funds, and the purpose for which they are intended.
- (n) the amounts of interest paid, or due and payable, on loans, advances or otherwise;
- (o) non-repayable appropriations, grants and subsidies received, but not shown elsewhere, showing separately the appropriations, grants and subsidies received from the Commonwealth

government and the appropriations, grants and subsidies received from the State government;

(p) the amount paid, or due and payable, for auditing services;

(q) the description and amount of significant inventories or stock on hand, and the basis of valuation; to the extent only that they relate to stores held in divisions or sections of the Department which have been issued from a central store of the Department;

(r) the estimated value of material assets provided free or at a nominal charge by government departments or other statutory authorities which has not otherwise been accounted for; and

(s) the estimated value of material assets provided free of charge or at a nominal charge by any person (not being a government department or other statutory authority) which has not otherwise been accounted for.

Inclusion of corresponding amounts for previous financial year

6. (1) For the purposes of Section 45E (1) (a) (iv) and (b) of the Act, except in the case of the first year of existence of a program or activity, there shall be shown for each item appearing in the financial statements of the Department, or in the notes to those statements, the corresponding amount for the preceding financial year or balance date.

{2) Where the financial statements do not contain an item corresponding to an item in the statements for the preceding financial year or balance date, the previous item and the amount of that item shall be shown in the statements.

(3) Any material variations between programs or items for the current and previous financial year shall be identified and the

reasons for the variations shall be stated by way of separate schedule.

Rounding off

7. Where appropriate, all amounts shown in the financial statements of a Department may be expressed by reference to the nearest \$1,000.

Certification

8. Pursuant to Section 45E (1) (b) of the Act, the financial statements of a Department shall be accompanied by a statement signed by the Department Head--

(a) stating that the financial statements have been prepared in accordance with the provisions of the Act, this Regulation and the Treasurer's directions;

and

(b) stating whether, as at the date on which the statement is signed, there are any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Exemptions

9. (1) The Treasurer may, on application by a Department Head made at any time, grant an exemption from any or all of the provisions Of this Regulation, other than subclause (4), in relation to the financial statements of the Department for a particular financial year.

(2) An exemption under subclause (1) may be granted subject to such conditions as the Treasurer may determine.

(3) An exemption under subclause (1) shall cease to apply where the Treasurer, by notice in writing, so informs the Department Head of the Department in respect of which the exemption was granted.

(4) An exemption under subclause (1) and the reasons therefor shall be included as a separate note in the notes to the financial statements for the financial year in which the exemption applies.

NOTE

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5. Proposed amendments to the Annual Reporting Requirements of Statutory Bodies

The Treasurer has also proposed to vary the regulations governing annual reporting by Statutory Bodies under the Public Finance and Audit Act, 1983 and the Annual Reports (Statutory Bodies) Act, 1984.

The amendments to both these Regulations are considered by the Committee to be acceptable. No alterations are suggested.

The Committee's suggestion for including information on performance indicators was omitted from the original Annual Reports (Statutory Bodies) Regulations. It was foreshadowed that this requirement was being further considered by the Treasurer. The Committee is therefore pleased to note that this matter has now been included in the Regulations.

Appendix A

DRAFT REGULATIONS UNDER THE ANNUAL REPORTS (DEPARTMENTS)
ACT, 1985 AS PROPOSED BY THE TREASURER

ANNUAL REPORTS (DEPARTMENTS) ACT 1985 - REGULATION

HIS Excellency the Governor, with the advice of the Executive Council, and in pursuance of the Annual Reports (Departments) Act 1985, has been pleased to make the Regulation set forth hereunder.

Treasurer.

Citation

1. This Regulation may be cited as the "Annual Reports (Departments) Regulation 1986".

Interpretation

2. In this Regulation--

"reporting year", in relation to a Department, means--

a) except as provided by paragraph (b), the financial year, within the meaning of the Public Finance and Audit Act 1983, of the Department; or

Appendix A

- b) such year as may be determined by the Treasurer to be the reporting year of the Department;

"the Act" means the Annual Reports (Departments) Act 1985.

Information and particulars in report of operations

3. For the purposes of section 11 (1) and (2) of the Act, the following particulars are prescribed in relation to the following matters:

- a) charter - a statement of the manner in which and the purpose for which the Department was established and a statement of the principal legislation the Department administers;
- b) aims and objectives - information as to what the Department sets out to do, the range of services provided by the Department and the clientele or section of the community served by the Department;
- c) access - the address and telephone number of the principal office or offices of the Department and the business and service hours of the Department;
- d) management and structure--
 - i) the names of the principal officers of the Department and the offices they occupy, particulars of any appropriate qualifications of those officers, the names of significant committees of the Department, the names of the members of those committees and the names of officers and offices held by those officers as members of significant statutory bodies and significant inter-departmental committees;
 - ii) an organisation chart indicating functional responsibilities within the Department;

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- iii) a list of all significant committees and the functions of any such committees established during the year and those that were abolished;

- e) summary review of operations--
 - i) the narrative summary of the significant operations for the financial year;

 - ii) selected financial and other quantitative information associated with the administration of programs or the operations of the Department;

- f) legal change - changes in Acts and subordinate legislation and significant judicial decisions affecting the Department or the users of the services provided by the Department;

- g) economic or other factors - factors which have affected the achievement of the operational objectives of the Department during the financial year;

- h) management and activities--
 - i) a description of the nature and range of activities undertaken;

 - ii) a description of the major problems and issues that have arisen;

 - iii) details, lists or tables of major works in progress, the cost of those works to date and the estimated dates of completion, together with particulars of significant cost overruns in major works or programs;

 - iv) the reasons for any significant delays to, or amendment, deferment or cancellation of, major works or programs;

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- v) where practicable, qualitative and quantitative measures and indicators of performance showing the level of efficiency and effectiveness;

- i) research and development - particulars of completed research and continuing research and development activities together with the resources allocated for that research and those activities, unless the inclusion of those particulars would, in the opinion of the Department Head, adversely affect any business or commercial operations conducted by the Department;

- j) human resources--
 - i) the number of officers employees, by category, with comparison to each of not less than 3 years prior to the reporting year;

 - ii) any exceptional movement in wages, salaries or allowances;

 - iii) personnel policies and practices;

 - iv) industrial relations policies and practices;

 - v) overseas visits undertaken by officers and employees with the main purposes highlighted;

- k) promotion - a statement setting out the types of publications and other information available to the public dealing with the functions and activities of the Department and indicating those which were published by the Department during the reporting year;

- l) consumer response - the extent and main features of consumer complaints, indicating any services improved or changed as a result of complaints or consumer suggestions made;

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- m) time for provision of services - where appropriate, the standard times for providing services, together with comment on any variance from the standard or changes made to the standard.

Additional matters for inclusion in annual reports

4. For the purposes of section 9 (1) (d) of the Act, there shall be shown in the annual report of a Department--

- a) a list of major assets, other than land holdings, appropriately classified and highlighting major acquisitions made in the reporting year; and
- b) by means of a graph or similar pictorial representation, monthly spending for stores and equipment purchases.

Form of annual reports - generally

5. The annual report of a Department shall be effectively presented and arranged with attention given to--

- a) material information reported;
- b) an index or table of contents;
- c) logical sequence of information; d) appropriate layout of information; e) clear readable text; and

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f) appropriately captioned charts, diagrams or photographs.

Format, etc., of annual reports - presentation to Parliament

6. (1) The copies of an annual report of a Department which are laid before Parliament or distributed to members of Parliament shall be of the size I.S.O. B5.

(2) The appropriate Minister, in transmitting copies of an annual report to the Clerk of the Parliaments and the Clerk of the Legislative Assembly pursuant to section 13 (2) of the Act, shall transmit a sufficient number of copies for distribution to the members of Parliament.

Public availability of annual reports

7. (1) A Department Head shall keep, at the office of the Department, sufficient copies of its annual report in order to meet normal public demand.

(2) A Department Head shall, where required by the Treasurer to do so, furnish copies of its annual report to the New South Wales Government Information Centre, or to such person or persons as may be specified by the Treasurer, for purchase by the public at a price per copy not greater than the direct cost of production per copy.

Exemptions

8. (1) The Treasurer may, on application by a Department Head made at any time, grant an exemption from any or all of the provisions of this Regulation, other than subclause (4), in relation to the annual report of the Department for a particular reporting year.

(2) An exemption under subclause (1) may be granted subject to such conditions as the Treasurer may determine.

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(3) An exemption under subclause (1) shall cease to apply where the Treasurer, by notice in writing, so informs the Department Head to whom the exemption was granted.

(4) An exemption under subclause (1) and the reasons therefor shall be included under a separate heading entitled "Exemptions from the Reporting Provisions" in the annual report for the reporting year in which the exemption applies.

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Appendix B

DRAFT REGULATIONS (FOR DEPARTMENTS) UNDER THE PUBLIC FINANCE
AND AUDIT ACT, 1983 AS PROPOSED BY THE TREASURER

PUBLIC FINANCE AND AUDIT ACT 1983 - REGULATION

HIS Excellency the Governor, with the advice of the Executive Council, and in pursuance of the Public Finance and Audit Act 1983, has been pleased to make the Regulation set forth hereunder.

Treasurer,

Citation

1. This Regulation may be cited as the "Public Finance and Audit {Departments) Regulation 1986".

Interpretation

2. (1) In this Regulation, except in so far as the context or subject-matter otherwise indicates or requires--

"financial statements", in relation to a Department, means the financial statements of the Department referred to in section 45E of the Act;

"department" means a person, group of persons or body specified in Column I of Schedule 3 to the Act;

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"the Act" means the Public Finance and Audit Act 1983.

(2) In this Regulation, any question of whether a matter relating to financial statements is material shall be determined having regard to the statements of accounting standards issued by the National Councils of the Institute of Chartered Accountants in Australia and the Australian Society of Accountants and known as the Australian Accounting Standards.

Receipts and payments information

3. (1) For the purposes of section 45E (1) (a) (iv) and (b) of the Act--

(a) the statement of receipts and payments shall show the extent to which receipts have been paid to and payments have been met from the Consolidated Fund and the Special Deposits Account; and

(b) the following information shall be disclosed either within the statement of receipts and payments or as a separate statement:

(i) the amount appropriated to the Department for the financial year by the Appropriation Act for that year in no lesser detail than that set out in the Budget Estimates, and the payments actually made by the Department during that financial year;

(ii) the amount estimated in the Budget Estimates to be appropriated to the Department for the financial year from each special appropriation and the amount actually paid from each special appropriation to the Department during the financial year; and

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(iii) in relation to special deposits operated on by the

Department, for each individual account, a statement of receipts and payments classified, where appropriate, by program and item.

(2) Any significant variations between appropriations referred to in subclause (1) (b) (i) and (ii) and payments actually made referred to in subclause (1) (b) (i) and (ii) shall be identified by way of a separate schedule and the reasons for the variations stated or, where it is not practicable to include all details in the one statement, further information may be included in notes to the statement of receipts and payments.

Statement of balances information

4. For the purposes of Section 45E (1) (a) (iv) and (b) of the Act, except where the Treasurer has, under section 45E (2) of the Act, approved that the preparation of a statement of balances be dispensed with, there shall be shown separately in the financial statements of the Department in relation to the Consolidated Fund and the Special Deposits Account, the description and amount of all cash balances and securities held under the direct administration of the Department compared to the corresponding balances at the close of the previous financial year.

Additional information shown by notes or otherwise

5. For the purposes of section 45E (1) (a) (iv) and (b) of the Act, there shall be shown by way of notes or otherwise to the financial statements of a Department--

(a) a schedule of uncollected amounts (including assessments issued but not yet paid) appropriately classified by type and age;

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- (b) amounts due and unpaid in respect of goods and services provided to the Department prior to the end of the financial year or, where this is not practicable, the amount paid for such goods and services during the first month of the immediately following financial year, and an amount for the previous year, prepared on the same basis, shall also be disclosed;

- (c) the description and estimated amount of contingent liabilities with appropriate particulars;

- (d) a schedule of repayable amounts, whether owing on public borrowings or other repayable advances, setting out those repayable amounts that are due--
 - (i) not later than 1 year;

 - (ii) later than 1 year but not later than 2 years;

 - (iii) later than 2 years but not later than 5 years;

 - and

 - (iv) later than 5 years,after the end of the financial year;

- (e) a schedule of debts written off during the financial year classified by type;

- (f) the amount and particulars of capital expenditure contracted for so far as the amount has not otherwise been accounted for;

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- (g) the amount and particulars of material lease or hire expenditure contracted for so far as the amount has not been provided for showing separately the amount of expenditure which is payable within 12 months after the end of the financial year;
- (h) with the exception of amounts disclosed as referred to in paragraph (b), the amount of estimated liability for material commitments, other than capital expenditure to which paragraph (f) applies;
- (i) the estimated amount of material expenditure incurred by other government departments and statutory authorities in direct support of the Department but not charged to or accounted for by the Department or, where this is not practicable, a reference to the department or statutory authority that is providing the support; and
- (j) comment on any account or any sum of money held for 2 years or more, indicating the reasons for holding the funds, and the purpose for which they are intended.

Inclusion of corresponding amounts for previous financial year

6. (1) For the purposes of section 45E (1) (a) (iv) and (b) of the Act, except in the case of the first year of existence of a program or activity, there shall be shown for each item appearing in the financial statements of the Department, or in the notes to those statements, the corresponding amount for the preceding financial year or balance date.

(2) Where the financial statements do not contain an item corresponding to an item in the statements for the preceding financial year or balance date, the previous item and the amount of that item shall be shown in the statements.

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(3) Any material variations between programs or items for the current and previous financial year shall be identified and the reasons for the variations shall be stated by way of separate schedule.

Rounding off

7. Where appropriate, all amounts shown in the financial statements of a Department may be expressed by reference to the nearest \$1,000.

Certification

8. Pursuant to Section 45E (1) (b) of the Act, the financial statements of a Department shall be accompanied by a statement signed by the Department Head--

(a) stating that the financial statements have been prepared in accordance with the provisions of the Act, this Regulation and the Treasurer's directions;

and

(b) stating whether, as at the date on which the statement is signed, there are any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Exemptions

9. (1) The Treasurer may, on application by a Department Head made at any time, grant an exemption from any or all of the provisions of this Regulation, other than subclause (4), in relation to the financial statements of the Department for a particular financial year.

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(2) An exemption under subclause (1) may be granted subject to such conditions as the Treasurer may determine.

(3) An exemption under subclause (1) shall cease to apply where the Treasurer, by notice in writing, so informs the Department Head of the Department in respect of which the exemption was granted.

(4) An exemption under subclause (1) and the reasons therefor shall be included as a separate note in the notes to the financial statements for the financial year in which the exemption applies.

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Appendix C

- a) Proposed Regulations (for Statutory Bodies) Under the Public Finance and Audit Act, 1983;

PUBLIC FINANCE AND AUDIT ACT 1983 - REGULATION

HIS Excellency the Governor, with the advice of the Executive Council, and in pursuance of the Public Finance and Audit Act 1983, has been pleased to make the Regulation set forth hereunder.

Treasurer.

The Public Finance and Audit (Statutory Bodies) Regulation 1985 is amended by inserting after clause 10 the following clause:

Exclusion of budget information from financial statements submitted for certification

IOA. The financial statements of a statutory body submitted under section 41A of the Act to the Auditor-General for verification and certification shall not include or be accompanied by a budget of the statutory body or any budget information.

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3B. Where unaudited financial statements are, or unaudited financial information is, included in the annual report of a statutory body, the fact that the statements have not, or the information has not, been audited is to be clearly indicated by note or otherwise.

Identification of audited financial statements

3C. The start and finish of the audited financial statements of a statutory body required under section 7 (1) (a) (i) of the Act is to be clearly indicated in the annual report of the statutory body.

(b) (i) by omitting from clause 4 the matter "section 9 {2}" and by inserting instead the matter "section 9 (1) and (2)";

(ii) by inserting after clause 4 (h) (iv) the following subparagraph:

(v) where practicable, qualitative and quantitative measures and indicators of performance showing the level of efficiency and effectiveness;