



Standing Committee on Public Accounts

Report on Annual & Financial Reports 2001-2002

Report No. 3

ACT Government Response

July 2003

19 August 2003

Introduction

The Annual Reports of all ACT Government agencies are referred to the Standing Committees of the ACT Legislative Assembly for examination and report. The Standing Committee on Public Accounts considered the ACT Government's 2001-2002 Annual Reports at public hearings on 22 November 2002 and 27 November 2002.

The Standing Committee on Public Accounts tabled its Report on Annual & Financial Reports 2001-2002 (Report No. 3) on 18 February 2003. Of the Committee's eight recommendations, five are agreed to by the Government. The remaining three recommendations are not accepted. The Government's response to the Standing Committee's recommendations is provided below.

GOVERNMENT RESPONSE TO RECOMMENDATIONS

2.12. The committee recommends that, in future, this information be provided on the basis of the area managing the consultancy or contract, not alphabetically by supplier, and that the total value of contracts and consultancies managed by each output category be provided.

Government Response

Agreed. The 2002-03 Annual Report Directions require contracts and consultancies to be categorised according to Outputs.

2.15. The committee recommends that, where the Annual Report reports by sub-categories of output classes, the financial statements present revenue and expenditure statements for those sub-categories.

Government Response

Not agreed. A full breakdown for both revenue and expenditure occurs at the output class level through the Statement of Financial Performance. For each output the amounts for 'Total Cost' and 'Government Payment for Outputs' are provided. Inclusion of a Statement of Financial Performance for each sub category of outputs would considerably add to the length of the financial statements without necessarily providing useful additional information.

2.16. The committee recommends that the total amount expended on individual consultancies and contracts below the reporting limit reported by output category be included in the report.

Government Response

Agreed. Included in the 2002-03 Annual Report Directions.

2.22. The committee recommends that the Auditor General's proposal for the layout of financial statements to use a 'net costs of outputs' presentation be adopted.

Government Response

Not agreed. The current presentation format for revenues and expenditure enables a consistent reporting format across all ACT entities. The current format is in accordance with Australian Accounting Standards and is a commonly understood format. The alternate 'net cost of services' format recommended by the Auditor-General would only be applicable to non-commercial entities, with commercial entities continuing to report using the current format. It is considered that implementation of two different formats in the Budget Papers and Annual Financial Statements for the presentation of revenues and expenditure would detract from the ability to understand financial information.

2.41. The committee recommends that the Chief Minister's Directions be amended to include requirements:

- **that annual reports have internal cross referencing between the text and any related appendices and the relevant part of the financial statements;**
- **that departmental annual reports, where relevant, refer the reader to separate agency reports; and**
- **that alphabetical indexes refer to financial statements and appendices containing substantive information about an agency's performance.**

Government Response

Agreed. Included in the 2002-03 Annual Report Directions as an aid to access to information in reports. It is noted that timing of reports may not always allow indexing of financial statements.

2.42. The committee also recommends that departments and agencies be reminded of the requirements of the Chief Minister's Directions to limit descriptions of activities and focus '...on achievements of objectives and results...'

Government Response

Agreed. Agencies will be reminded of this statement drawn from the Chief Minister's Annual Report Directions. Information sessions are held each year to assist agencies in developing their annual reports and to provide a forum for providing feedback about the previous year's reports as well as best practice examples.

2.46. The committee recommends that agencies should look at the purpose, and use being made, of their annual reports and remove the content that would be better included in a promotional brochure or handbook produced for that clear purpose.

Government Response

Agreed. While a similar statement is already included in current Annual Report Directions, agencies will be reminded of this requirement.

3.9. The committee recommends that the Commissioner for Public Administration consider the option of producing an annual report as a separate document from the State of the Service report.

Government Response

Not agreed. Combining the Commissioner's report, as a separate statutory office, and the State of the Service Report provides a convenient source of information about the Commissioner's activities during the year and discussion of key issues around the ACT Public Service. As these issues are interconnected it is appropriate that they be canvassed together. Incorporating the Commissioner's annual report into that of the Chief Minister's Department is not considered appropriate. The Commissioner for Public Administration is a separate statutory office, and it is appropriate that a separate report continue to be provided.