



1993

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PARLIAMENT OF TASMANIA

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**PARLIAMENTARY STANDING COMMITTEE OF PUBLIC  
ACCOUNTS**

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**REPORT INTO THE RECEIPT, ANALYSIS  
AND EVALUATION OF AGENCY ANNUAL  
REPORTS**

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*Laid upon the Table of both Houses of Parliament*

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The Committee was appointed under the provision of section 2 of the *Public Accounts Committee Act 1970*  
(No. 54)

**MEMBERS OF THE COMMITTEE**

**LEGISLATIVE COUNCIL**

Hon. G. A. Shaw (Chairman)  
Hon. R. W. Ginn  
Hon. P. R. Schulze

**HOUSE OF ASSEMBLY**

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## REPORT INTO THE RECEIPT ANALYSIS AND EVALUATION OF AGENCY ANNUAL REPORTS

1. On 26 November 1991, the Legislative Council passed a resolution concerning the receipt, analysis and evaluation of agency annual reports.

In his letter of 2 December 1991, to the Public Accounts Committee, the Clerk of the Council stated that:—

On Tuesday, 26 November 1991 the Legislative Council resolved:—

That the following proposal be forwarded to the Parliamentary Standing Committee of Public Accounts for its consideration and Report to Parliament—

*‘That consequential upon the enactment of the *Tasmanian State Service Act 1984*, the *Financial Management and Audit Act 1990* and the *State Authorities Financial Management Act 1990*, the Legislative Council and the . . . resolve to establish a Joint Parliamentary Standing Committee with responsibility for:—*

- (1) formally receiving annual reports of all Government departments and agencies as provided for in these statutes;
- (2) analysing and evaluating the performance and operation of these departments having regard to their statutory responsibilities;
- (3) taking into account any qualification or observations which may be attached to financial statements by the Auditor-General;
- (4) other relevant matters concerning each department; and
- (5) reporting to Parliament its findings and recommendations;

*and that the number of Members representing each House be three.’*

The resolution is so forwarded.

2. Further liaison with Hon. D. A. Lowe, the proponent of the resolution, indicated that it was his belief that the authority of the Public Accounts Committee should be expanded by whatever means necessary, and that staff be seconded to allow the Committee to conduct a systematic receipt and assessment of annual reports with a report to both Houses prior to consideration of the following year's budget. He also stated that he considered such action to be an obvious and necessary flow on from the recently implemented new Financial Management and Audit procedures.

3. During its deliberations, the Committee concluded that it was inadequately staffed at that time to carry out a check of each agency, but required that an appropriate Terms of Reference be drawn up by which the annual reports of agencies could be evaluated to meet the resolution's requirements.

### PILOT SURVEY OF TWO AGENCY ANNUAL REPORTS

4. After further deliberation the Committee approved:—

(a) the proposed Terms of Reference as follows:—

- (i) Does the report include details of roles, functions and responsibilities?
- (ii) Does the report indicate to what extent these were completed? If not why not?
- (iii) The inclusion of appropriation details and expenditure—had Audit Department completed the audit of financial data/statement for the agency?
- (iv) The setting of programme objectives, and the extent of achieving those objectives.
- (v) Whether or not the agency allocated its appropriated funds on the achievement of stated programme objectives?
- (vi) Was the report submitted on time?
- (vii) The writing and editing of the actual report.

(b) the conduct of a 'trial run' by the Executive Officer using these Terms of Reference to examine the annual reports of two agencies.

### STUDY FINDING

5. The study was completed for two of the major agencies. Major findings were as follows:—

(a) Neither report fully complied with requirements stated in the Financial Management Manual.

- (b) The Financial Management Manual does mention 'key efficiency and effectiveness indicators where available . . .' (PART VII Reports by Heads of Agencies paragraph 701 (e).), but there was no mandatory requirement to include such information nor was it actually included.
  - (c) It was not possible to analyse and evaluate the performance and operation of either agency in accordance with the Terms of Reference because insufficient information was contained in the reports.
  - (d) There were no performance standards or targets, no key performance measures, programme objectives, nor any qualification of efficiency standards at programme level.
  - (e) There were some quantitative performance statistics, but no qualitative measures for comparison.
  - (f) There was insufficient supporting information to fully justify the expenditure of funds appropriated by Parliament.
  - (g) It was recognised that the expertise within agencies to formulate performance indicators, standards and targets etc., was fairly limited. (It is understood that this has been recognised by D.P.A.C., and that formal training of senior agency staff has been undertaken); and
  - (h) The editing and format of both reports could have been of a better standard. There was much wasted space and one report contained a number of poorly produced and unnecessary photographs.
6. In July 1992 the Committee concluded that—
- (a) In conducting the analysis and evaluation of agency annual reports to meet the full requirements of the resolution, certain aspects requiring consideration may be outside the charter of the Public Accounts Committee; and
  - (b) The proposal by the Legislative Council is supported in principle. However, it was recognised by the Committee that if parliament wishes to conduct analysis and evaluation of agency annual reports to the extent envisaged they must define the issues and give further direction. Input would also be necessary from Audit Department, Department of Treasury and Finance and with ministerial representation.

7. In July 1992 the Committee wrote to the Legislative Council, the letter in part stating that:—

'The Committee has considered the proposal in some detail and agrees in principle with the proposition that Parliament would be greatly assisted when considering Annual Reports if an independent evaluation was available. However, at this time only certain aspects of the resolution could be achieved because of the format of the reports, and the limited resources of the Committee . . . there was insufficient information to adequately analyse and evaluate it (the annual report) to the degree required. Because of the lack of any clearly defined performance standards or targets it is not possible to measure the degree of success achieved . . .'

8. It is noted that since the Committee completed its deliberations in July 1992:—

- (a) A Select Committee has been formed to consider numerous aspects of parliamentary procedure, including this matter; and
- (b) The Auditor-General Special Report No. 4 (May 1993) reported on the 'Standard of Annual Reporting by Government Departments'. This report is strongly supported by the Public Accounts Committee.

## CONCLUSION

9. The accurate and timely submission of informative agency annual reports is a necessary part of the overall reporting process by agencies to Parliament. To enable the agency to justify expenditure of its appropriation for the reporting year, and to provide the basis of appropriation for the following budget year, at the very least, agency annual reports should include accurate and meaningful details of:—

- (a) Agency role, functions and responsibilities and the degree to which these have been achieved during the reporting year;

- (b) programme objectives, performance standards and targets, key performance measures and efficiency standards at programme level; and the degree to which these have been achieved.
- (c) quantitative and qualitative performance statistics.

Parliament House, Hobart  
22 July 1993

Hon. G. A. Shaw, M.L.C., Chairman.