
Appendix two – Characteristics of effective financial management reporting

Effective financial management reports ensure decision-makers have access to clear finance and performance information and advice presented in a way that is accessible and enables interrogation.

Across both the public and private sectors, regulators and industry oversight bodies recognise that well-crafted, meaningful and efficiently presented reports are a fundamental element of corporate governance.

All state jurisdictions in Australia provide guidance and policy to local government on meeting procedures, governance and the content and format of financial statements. However, few provide guidance regarding the compilation and quality of business papers and agenda reports.

In New South Wales, OLG has established minimum requirements for regular financial management reporting, including quarterly budget review statements and monthly investment reports that provide parameters for consistency, timeliness and content of reports. Local councils are also required to adopt a Code of Meeting Practice that focuses on the governance of meetings and helps to ensure compliant and efficient decision-making. However, there is limited guidance available on aspects of quality reporting, accessibility and data presentation.

Characteristics and content for effective financial management reports have been outlined by other jurisdictions and audit offices that aim to promote sound corporate governance. A range of both industry and oversight bodies have formulated advice and policy describing the characteristics of good financial reports and business papers.

Our review of the available guidance established that effective financial and board/business papers:

- apply insightful commentary and do not expect figures to explain themselves
- contain and convey trustworthy data
- focus on areas for action and only highlight necessary data
- use tools such as charts and tables judiciously, focusing on simplicity of conveying information and minimising overcrowding with data through moving large tables to attachments
- are written in plain English and tailored to the intended audience
- apply a level of detail determined by the needs of the report user or decision-maker
- are comparable and consistent with other reports used by decision-makers, including standard formats, language, terminology, ratios and data sources to aid comparison
- have a standard framework for production, supported by policies/procedures, templates and a quality assurance mechanism
- are produced in a timely manner following the financial reporting period
- consider risk.