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Overview

Internal Reporting There is a need for agencies to manage their information needs. A sound internal reporting system is essential for proper management.

Within such a framework, internal financial reporting is pivotal to ensure proper control of resources, the efficient application of those resources to processes and the direction of those processes to the production of defined outputs.

Internal Financial Reporting Internal financial reporting typically comprises financial information on revenue, expenditure, assets and liabilities against budgets or pre-determined limits. But for internal financial reporting to be truly useful as a management tool, there is a need for it to contain non-financial information that supplements and where necessary elaborates on the financial information.

No Standard for Internal Financial Reporting Unlike external financial reporting, there are no standards or prescribed minimum requirements for internal financial reporting by NSW public sector agencies.

The Act Section 11 of the *Public Finance and Audit Act 1983* (the Act) places a legal obligation on heads of agencies to ensure that there is an effective system of internal control over the financial and related operations of the authorities they administer.

Internal reporting is part of the system of internal control. The Treasury has issued guidelines to assist agencies in this area, including its Risk Management and Internal Control Toolkit.¹

Treasurer's Directions Section 9 of the Act empowers the Treasurer to issue directions to accounting officers and officers of authorities concerning principles, practices and procedures to be observed in the administration of financial affairs of the State.

A number of *Treasurer's Directions* prescribing detailed accounting procedures and record keeping requirements have been issued under this section. However, the *Treasurer's Directions* provide minimal guidance as to what financial information should be included in an agency's internal financial reports and how it should be presented.

¹ Treasury Policy Paper 97-3

The Treasury has advised the Audit Office that, as a result of developments in information technology, some of the *Treasurer's Directions* are less relevant today than at the time of issue.

Treasury has also advised that as the continued need for prescriptive, mandatory requirements has been questioned by some agencies and consideration is being given to replacing some *Treasurer's Directions* with non-mandatory *Statements of Best Practice*. This would enable heads of agencies to meet the obligations of section 11 of the Act according to local circumstances.

In addition the NSW Treasury has developed a *Financial Management Framework* for General Government Agencies, a draft *Guide to Performance Management* while *Service and Resource Allocation Agreements* are being trialed in certain agencies.

The Audit

The objective of the audit was to examine the quality of financial reporting used by agencies for internal management purposes. Whilst many of the comments may also apply to internal reporting generally, this audit focused more on the financial reporting rather than internal reporting generally.

The term 'quality' refers to the content, timeliness and relevance to the needs of managers of reports for assessing and managing financial performance. The accuracy of financial reports was not reviewed.

The report includes a Better Practice Guide designed to assist agencies with internal financial reporting.

Our Approach

The audit reviewed the internal financial reporting practices of four agencies within the NSW public sector.

Audit Observation

The Audit Office observed that there is diversity in the form, content and quality of reports produced by the agencies. This reflects, in the main, that agencies tailor reports to meet local needs and conditions.

It is considered that improvement is needed. A more consistent approach to financial reporting through the use of minimum standards is suggested.

The Audit Office is of the view that agencies would benefit from a systematic approach to the reporting of outputs and outcomes and using financial and non-financial information to measure, monitor and thereby improve performance.

The Audit

Observations

The observations arising out of the audit do not necessarily apply to all agencies reviewed.

The following observations are from the audit undertaken to review agencies' internal financial reporting policies and procedures.

It should be noted that not all observations outlined below apply to all agencies. Indeed, some of the agencies have adopted practices that are considered to be exemplary and have been used in the Better Practice Guide.

Nevertheless, as most observations have wider reaching applicability, they do serve to demonstrate the need to ensure that internal financial reporting is put to better use so as to assist in improving efficiency and effectiveness by agencies.

Financial Management

Financial, incorporating non financial information is essential for the proper management and control of resources, the efficient application of those resources to processes and the direction of those processes to the production of defined outputs.

Nevertheless, a clearly defined role for financial management was not always evident within the agencies subject to review.

For example, the corporate plan and related objectives seldom touched on the important role that financial management plays, with appropriate linkage to business plans and to the performance contained in performance agreements.

In particular, agencies have not systematically identified what information managers actually need, in terms of the types of information required, who needs it, when it is needed and what format to present it in or make it accessible to managers.

KPIs

Key financial performance indicators tend not to be defined. Financial reports tend not to link financial results and operational data to permit meaningful reporting on the achievement, or otherwise, of outputs and outcomes.

Most agencies either had not yet identified and/or were not reporting against Key Performance Indicators. In some agencies, the internal financial reports contained little, or no, operational performance information.

References to financial management tend to be limited and generic, often requiring, for example, that expenditure not exceed budget.

Accrual Accounting In many instances, cash-based accounting and reporting continues to be used by certain agencies for internal reporting purposes.

This is notwithstanding that agencies are required to use accrual accounting as a basis for the presentation of financial information in external reports, including monthly reports to Treasury, and have done so since 1991.

The practice of cash-based internal reporting seems to be continuing for reasons such as:

- Consolidated Fund allocations to budget dependent agencies are made by Treasury on a cash basis and agencies track progress against their allocations on a cash basis, notwithstanding that Treasury requirements are to report back on an accrual basis
- historically (prior to the introduction of accrual accounting) all reporting was on a cash basis and the practice still continues either because of skill requirements or a lack of perception of the benefits that can be gained from accrual accounting
- some managers expressed the view that cash accounting is adequate for internal financial reporting purposes.

Where cash accounting is used for internal financial reporting, agencies are not able to benefit from accrual accounting while the preparation of separate accounts may result in a duplication of work.

It was also noted that the agencies reviewed did not prepare a monthly Statement of Financial Position [“balance sheet”] and there is limited reporting of financial ratios. With this information agencies are better able to monitor and manage assets and liabilities.

Forecasting In respect of forecasting, it was observed that:

- ‘end of year’ forecasts tend not to be updated on a monthly basis but as and when information becomes available
- agencies produce projections of revenue and expenditure for internal and external (Treasury) reporting purposes using different reporting formats. That agencies produce internal financial reports as is appropriate to suit local circumstances (which need to be adjusted for reporting to Treasury) is a matter for individual agencies but the practice does create additional work

- ❑ variation was observed in the accuracy of monthly projections provided by agencies to Treasury (as expected, the accuracy of 'end of year' projections tends to improve as the end of the financial year approaches)
- ❑ the late notification of internal budget allocations within some agencies was mentioned by a number of managers as a factor that jeopardised performance.

The audit found that the depth and quality of the analysis and commentary included in reports varied across agencies. When highlighting problems, the reports were often silent on the remedial action taken or proposed and the timeframes envisaged.

It was also evident in some agencies that the year end projections included in the monthly internal financial reports were not regularly updated.

For example, instances were noted where the actual year to date revenue and expenditure by mid-year had already exceeded the year end forecast, or conversely, where much of the year had passed but the actual revenue or expenditure was a small percentage of the year end forecast.

Responsibility for preparing the projections and the frequency of updating them had not been clearly defined.

The audit found that the year end projections included in the monthly Financial Information System (FIS) reports to Treasury were often produced separately and varied from those included in the agencies' internal financial reports.

In addition to the duplication of effort, this raises questions about the reliability of both sets of projections and highlights a potential risk that decisions may be made based on inaccurate figures.

In order to assess the general accuracy of the year-end forecasts provided by agencies to the Treasury, extracts of the FIS reports were obtained for the last two financial years.

The progressive monthly forecasts for the net cost of services were compared to the actual year end results.

As shown in the table below, although the success rate in predicting end of year results varies between agencies, the basic trend, as expected, is for the projections to become increasingly accurate as the year progresses.

Accuracy of Progressive Year End Projections of the Net Cost of Services to Actual Result								
	Agency A %		Agency B %		Agency C %		Agency D %	
	98-99	99-00	98-99	99-00	98-99	99-00	98-99	99-00
July	-9.4	-6.6	-0.2	-7.0	-4.4	-1.6	-	-4.7
August	-9.4	-6.6	-0.3	-7.0	-4.4	-1.4	-	-4.7
September	-6.6	-6.7	-0.5	-7.2	-2.5	-0.4	-	-4.7
October	-6.9	-6.7	-0.5	-4.2	-2.3	-0.3	-	-5.0
November	-4.9	-7.5	-0.5	-8.4	-2.7	0.9	-	-4.9
December	-2.1	-3.7	-0.2	-8.0	-2.7	1.3	-	-5.6
January	-4.6	-3.7	-0.2	-3.1	-1.7	0.9	-	-4.3
February	-6.3	-3.8	-0.1	-2.8	-1.9	0.9	-	-2.7
March	-6.0	-4.5	-0.1	-3.7	-1.1	1.0	-	0.7
April	-5.8	-4.5	-0.3	-3.6	-1.9	1.0	-	1.3
May	-2.5	-1.8	-0.4	-2.5	-1.3	1.0	-	0.5

Note: 1998-99 results for Agency D excluded to avoid invalid comparisons.

Quantity of Information Produced

While different levels of management have different needs for information, the agencies subject to the audit typically produced large quantities of information for internal financial reporting. In most of these agencies the reports were lengthy, not user-friendly and there is considerable variation across agencies in both the format and content of reports.

Length of Reports

The sheer volume of some agencies' monthly internal financial reports raises questions about the relevance of the material included.

The length of reports produced by agencies ranged from 18 pages to over 150 pages. Better practice suggests that about 10 pages for Executive level reports should be sufficient.

Excessively lengthy reports are likely indicators that:

- a more rigorous application of the principle of exception reporting is required
- the agency has not recently reviewed the costs and benefits of including the information and/or
- the agency has not culled information that is not actually used.

Agencies generally did not take advantage of available technology to distribute reports. Most agencies produce hardcopy reports and no agency had placed its monthly internal financial reports on the Intranet.

Most agencies did not retain data to enable an assessment of the time taken to issue monthly reports.

Audit also observed duplication of data in the reports produced by some agencies, and in a number of instances managers had not been asked whether the internal financial reports so provided meet their needs.

Training Required

A number of managers also indicated to the Audit Office that they lack the necessary skills and have not received suitable training to enable them to make the best use of the financial information available.

Cost of Producing Management Reports not Measured

The reports reviewed during the course of the audit did not indicate that agencies make regular use of information on the cost of processes and few agencies had progressed to the stage of reporting the full costs and unit costs of outputs.

In addition, limited use was made of indicators of resource utilisation and financial ratios.

Audit Comments

There is a need to articulate better the role and the purpose of internal financial reporting. Particular emphasis needs to be given to the integration of financial and non financial information for the proper management and control of resources in the measurement of performance.

Relevant and Timely Information

As stated before, sound internal financial reporting is essential for the efficient and effective management of an agency. These reports, if they contain relevant and reliable information and are provided to those who need them on a timely basis in a format that is easy to understand, will significantly contribute to agencies' capacity to achieve their goals and objectives.

Better practice organisations take steps to ensure that happens.

The Financial Management Capability Model developed by the Office of the Auditor General of Canada defines the three essential elements of financial management as *Risk Management and Control, Information and Management of Resources*.

Risk Management and Control It is essential that an organisation identify the risks it faces and that establishes a framework to manage and control those risks. An essential part of risk management is an environment that communicates the purpose, values and ethics of the organisation.

Information It is also essential that the organisation establish procedures to manage and protect the integrity of its data and to produce the type of information needed by managers to conduct business and to account for their responsibilities.

Accordingly, for internal financial information to be effective there is a need to ensure that:

- ❑ the vision of the organisation translated into clear objectives and strategies
- ❑ the risks to the achievement of these objectives clearly identified and managed
- ❑ the responsibilities of managers being consistent with the objectives of the organisation; responsibilities need to be clearly defined, communicated and understood by all key stakeholders and managers accountable for responsibilities so allocated
- ❑ performance measures which integrate financial and non financial performance information and
- ❑ performance measures which are linked directly to the objectives of the organisation.

Better practice organisations streamline reports, use exception-based reporting and cull data that are either duplicated or not used regularly.

In distributing and presenting the reports, there is a need to consider the format of management reports, including the use of visual aids.

The printing and distribution of voluminous pages of financial information is time consuming and costly and increases the risk that reports will not be used. In many instances better use could be made of technology eg *Intranet*, to distribute financial reports more efficiently.

The Need to Identify Costs

With the move to an output focus in financial management, including the increased emphasis on *Activity Based Costing*, information is required on the costs, quality and quantity of outputs produced.

To assist and inform this process there is a need for:

- ❑ a basis to measure the efficiency and effectiveness of the delivery of programs, outputs and outcomes (key performance indicators)
- ❑ integrated financial and other performance information for decision-making by management
- ❑ agencies to benchmark operations with other organisations and evaluate the options to 'contract out' and
- ❑ agencies to track the costs of various functions over time notwithstanding a tendency for restructures.

To maximise the potential of improved information, agencies should assess afresh the skills of managers in the area of financial management in a systematic way. There is a need to ascertain whether managers have the skills to make the best use of the information available or whether the information being produced can be improved to serve the purposes of users.

Agencies also need to consider the issue of policies, procedure manuals or instructions to guide staff on the interpretation and better use of reports.

Agencies need to consider the opportunities to interrogate/integrate various systems to provide information for improved financial management.

Agencies need to consider the target date and frequency with which information is provided to managers. The information should be provided as soon as possible after the end of the period.

Cost of the Audit

The cost of the audit was \$124,433. This includes an estimated cost of printing of \$4,500.

Recommendations

The following recommendations give emphasis to the reporting of financial information and its integration of non financial information for improved monitoring and decision making.

To improve internal financial reports and financial reporting **it is recommended** that agencies:

- Better Practice Guide*
 - review current practices. To assist in this, the Audit Office has prepared a Better Practice Guide. Agencies could review their policies, procedures and practices against that Guide.
- Responsibilities and Accountabilities*
 - clearly establish responsibilities and accountabilities for all key finance positions as part of the corporate planning, governance and other processes for financial management
 - integrate responsibilities and accountabilities with all relevant corporate processes.
- KPIs*
 - include appropriate non-financial key performance information in monthly reports and that it be integrated with financial information to enable ready assessment of performance against key indicators, outputs and outcomes.
- Survey*
 - conduct an annual survey to ascertain:
 - the needs of managers for financial information
 - gaps between the information so required and that routinely provided
 - whether information is timely, relevant and user friendly
 - managers' understanding of accrual financial information for the purpose of identifying any related training needs.
- Accrual Accounting*
 - implement :
 - accrual-based monthly executive reports, including: a Statement of Financial Position and Cash Flow Statement
 - comparative figures; ratios and trend analyses
 - the use of charts, colour, shading, different fonts and consistent signage to aid in highlighting, analysing and interpreting the financial information.

Response from the Treasury

Thank you for providing Treasury with a copy of the draft Performance Audit Report Internal Financial Reporting. Treasury agrees with the thrust of the recommendations contained in the report.

It is noted that the report now acknowledges Treasury's development of a Financial Management Framework for General Government Agencies and a draft Guide to Performance Management (which focus on both financial and non-financial information and the delivery by agencies of services and the achievement of agency/government objectives) and the trialing of Service and Resource Allocation Agreements.

However, the report fails to acknowledge that much of what is contained in the Financial Reporting Better Practice Guide will be superseded by the development of components of the Financial Management Framework discussed above.

Further, it has been part of the Fundamental Review of the Financial Legislation that the prescriptive Treasury Directions should be replaced by Best Practice Statements as part of a principles or purposive based legislation. But, this is not primarily because prescriptive directions have been questioned by 'some' agencies. On the contrary, most agencies want the prescription to be retained for certainty in most areas. Instead, it is Treasury's view that better outcomes will be achieved by a move to a purposive legislative framework.

I trust these comments are of value in finalising your report.

*(signed)
Robert Williams
for Secretary*

Dated 31 May 2001

Better Practice Guide

Preface

The purpose of this Guide is to provide agencies within the New South Wales public sector with a toolkit to assess the efficiency and effectiveness of their internal financial reporting.

This Guide is not intended to be an exhaustive coverage of all the steps required in that process. For a detailed coverage, readers could refer to the publications by the Australian National Audit Office, titled *Building Better Financial Management Support* and *Building a Better Financial Management Framework*, published in November 1999.

This Guide is rather intended to provide practitioners and managers with an aid to assist them in considering the more important steps required, or to assess the adequacy of the steps take so far, to have an efficient and effective internal financial reporting framework.

In preparing this Guide, reliance has been placed on the result of the audit conducted and reported to the NSW Parliament under the title of *Internal Financial Reporting*. In the course of that audit, a number of better practices pursued by agencies came to attention. Some of those practices, with the kind permission of the agencies concerned, have been reproduced within this guide. The Audit Office greatly appreciates the agencies' permission to do so.

The Audit Office would also like to acknowledge the permission from the Australian National Audit Office to refer to and use some of the material from its publications referred to above.

This Guide is also available to down-load from the Audit Office of NSW web-site at www.audit.nsw.gov.au/guides-bp

Essential Fundamentals for Sound Financial Management

Essential Fundamentals for Sound Financial Management

Managers in government agencies are responsible for the efficient and effective delivery of programs and services. To assist and judge managers there is a need to...

...implement a comprehensive management framework.

Such a framework should enable to manage better by providing information to make informed decisions.

Managers in government are:

- entrusted with public resources to deliver programs and services, and in doing so they are
- accountable for the use of resources within their control.

As a consequence, managers should be judged on

- the delivery of programs and services
- the efficient, effective and economic use of resources under their control.

To cater for the responsibilities of managers, there is a need to establish a comprehensive management information framework.

The framework incorporates financial, operational, and management reports that produce complete, accurate and timely financial and operational information.

These reports and controls, if effective and operational, assist an organisation to meet its basic stewardship responsibilities, including strategic planning, decision making and reporting on its activities.

The implementation of an effective financial reporting system involves making decisions about the selection of information to be included in financial reports, its measurement and its presentation.

In establishing the overall framework for the financial information systems of agencies, the New South Wales Treasury has identified² that systems should have the capability of providing financial information by:

- account (to an established minimum level of account dissection)
- output/outcome/program
- responsibility centre
- function.

² Treasury Secretary's Letter to Council on the Cost of Government 10 July 1996.

Management reporting should be consistent, timely, accurate and relevant.

The (Commonwealth) Management Advisory Board conducted a review in 1997 of the extent to which accrual accounting had been adopted in the Australian Public Service.

The Board, in its report titled *Beyond Bean Counting Effective Financial Management in the Australian Public Service – 1998 and Beyond*:

- stated that management reporting involves the provision of consistent, timely, accurate, and relevant information and analysis to assist decision making
- identified the following qualities that financial reports must possess if they are to be useful to users.

- **relevance** – information must have value in terms of assisting users in making and evaluating decisions about the allocation of scarce resources; and be both predictive about future situations and confirmatory in regard to past evaluations
- **reliability** – information must be free of bias or undue error and faithfully represent transactions and events
- **materiality** – would the omission of certain information affect decision making, considering users needs?
- **comparability** – users of financial information need to be able to compare aspects of operations at one time, and over time, and between operations. Consistency is therefore important and any assumptions made in the production of the information need to be explicit;
- **understandability** – the interests of users should be considered without sacrificing relevance or reliability of the information
- **timeliness** – relevance and reliability of information is reduced if reports are not timely. Material accuracy may need to be traded off to achieve timeliness; and
- **costs versus benefits** – costs of preparing information should not outweigh the benefits of having it.

Financial information should be on accrual basis.

The Management Advisory Board also stated that financial reporting must be on an accrual basis.

Accrual accounting and reporting is essential for measuring financial performance. Accrual accounting provides information that:

- recognises the economic effects of transactions at the time they occur, regardless of immediate cash flow effects
- recognises the full costs of operations, and the extent to which costs have been recovered in a reporting period including the financial effects of decisions made in a reporting period
- useful for making and evaluating decisions about the allocation and use of all resources in the entity as a going concern
- allows costs incurred in a period to be matched with the benefits earned in that period to report resources controlled at the end of the particular period
- facilitates more active management of all assets and liabilities, current and non-current, financial and non-financial and recognises
- resources held and obligations outstanding at the end of the reporting period.³

One of the advantages of moving to an accruals-based financial management environment is that it allows departments and agencies to develop standard ratio analyses, comparable to private sector usage and in which various simple, understandable measures can be monitored and compared within the organisation and with other comparable organisations. Ratios allow a simple snapshot of key financial performance measures.

Source: Beyond Bean Counting p 63

Notwithstanding that, it is noted that less than four percent of core Commonwealth agencies used accrual data for internal management reports and less than 20 percent used financial ratio analysis.

Source: Beyond Bean Counting p 63

Without accrual accounting, proper management of assets is rather problematic.

³ ANAO Audit Report No 7 of 1995-96, p2.

Financial management reporting must be integrated into corporate plan and be part of performance agreement, and ...

Integral to success of management reporting is that the role and status of financial management be recognised within:

- the corporate and business plans
- relevant policy and procedure manuals of the organisation
- the performance agreements of managers.

...must have the support from the top.

Ultimately, the key to achieving effective financial management in an organisation is a supportive climate or culture that is reinforced by appropriate rewards, recognition and sanctions. This includes strong sustained leadership, shared values, and a shared commitment and purpose. Such a climate recognises the important contribution that effective financial management can make to an organisation.⁴

Managers need to develop a broader understanding of their responsibilities, one that encompasses the achievements of operational and financial objectives.

Financial information should form a key part of strategic and operational decisions.

To achieve that managers need information to make informed decisions relative to corporate and business unit objectives. It is incumbent on managers to understand the financial information provided and the uses to which it can be put.

Many organisations produce large volumes of financial information, yet managers do not always find what is available is complete, accurate, reliable, timely, concise, user-friendly and relevant.

Internal financial reporting should be used to enhance performance and...

Better practice organisations ensure that use is made of the internal financial reporting information for better performance.

Organisations should establish a structured approach to collecting, analysing, producing and using financial information that helps managers at all levels to manage.⁵

⁴ Financial Management Capability Model, Office of the Auditor-General of Canada, Ottawa, 1999 p 3

⁵ ANAO Building a Better Financial Management Framework – Defining, Presenting and Using Information p.7.

... the better use of technology is essential.

Organisational performance may be improved through better accounting systems and the use of technology.

Improved performance often relies on the access to, and the integration of, financial and non-financial information. Information to improve performance often requires access to a range of databases within an organisation from which information can be extracted, manipulated and analysed.

To enable this interface information systems need to integrate or interface. This can be achieved by using a central integrated system which is based around one system.

An example is a database which supports all human resources, benefits and payroll activities.

By this means employees can access payroll, benefits and HR information more easily and quickly. An added advantage of the central database is that data only needs to be added once to the system which eliminates redundant data entry, reduces the number of staff needed for data processing and ensures consistency of data entry.

Technology can also be used to distribute reports via Intranet as opposed to hardcopy reports.

The advantages of integrated information systems include:

- cost reductions and revenue enhance from improved reporting
- increased efficiency and timeliness of information
- the ability to relate information from different sources and thereby improve the relevance of information for improving performance and decision making
- better support for strategic planning and organisational change
- rationalisation of data and increased integrity of data in reports.

Once performance has been measured steps are needed to:

- communicate assessed performance on a regular intervals to those who need to know
- analyse and discuss the results
- assess future action
- monitor future progress.

For information to be useful, there is a need to identify and define:

what is needed

who needs it

when is it needed

in what format

How is it to be distributed?

Better practice organisations tailor their internal financial reports to meet the needs of identifiable groups of users. They have a systems for identifying:

- what information is needed
- who needs which types of information
- when the information is needed by particular users
- what format the information is required to be in, and
- how best to distribute the information.

✓ **Better Practice**

Better practice organisations

- ❑ translate the vision of the organisation into clear objectives and strategies
- ❑ identify clearly the risks to the achievement of the objectives
- ❑ have management accounting and information systems that support the organisation's strategic objectives
- ❑ integrate financial and non financial information for measuring and monitoring performance
- ❑ assign responsibilities to managers being consistent with the objectives of the organisation and their authority
- ❑ measure performance against assigned responsibilities
- ❑ adopt accrual based accounting and reporting on a continuous basis has been implemented
- ❑ apply business simulation techniques and conduct 'what if' scenario modelling to explore options and help make decisions that will improve performance
- ❑ undertake internal and external benchmarking of performance against the relevant industry, other levels and jurisdictions of government, and the private sector
- ❑ have an integrated database or established access to interrogate a range of systems, supporting easy access to information required
- ❑ use their information for the evaluation of capital investment decisions.

Inclusion of full accrual costs, including depreciation, a possible capital usage charge, and so on, are essential for managers to be able to make fully informed decisions about the optimal use of resources. Better practice management includes the requirement that a business case, or equivalent, be prepared to support all significant investment proposals.

Source: Beyond Bean Counting (page 69).

Type of Information

Type of Information

Need to define type of information needed for efficient and effective management.

An over-riding purpose of financial information is to provide information to achieve the organisational objectives. Financial information is essential for the efficient and effective:

- management and control of resources [inputs]
- application of those resources to processes [activities]
- direction of those processes to achieve result [outputs and outcomes].

Financial reporting needs to be balanced with non-financial information.

But for financial reporting to be truly meaningful and useful, it needs to be balanced with non-financial information, for example, information relating to qualitative aspects of operational results or benchmarking information on output/outcome.

Benchmarks and trends, against both internal and external data, can provide useful information to place achievements into its proper prospective.

Traditional financial reporting should therefore be combined with other techniques to improve the usefulness of reporting. Nevertheless, financial reporting, including financial budgeting, plays an important part within the overall management information framework.

Responsibility for the achievement for budget should rest with the line manager

In terms of accountability and for the purpose of effective accounting and control, responsibility for the achievement of targets/budget should rest with the appropriate line manager. This can include responsibility for income, expenditure, outputs/outcomes and achievements of corporate objectives.

Managers should not be held accountable for items over which they have no control.

Care should be taken, however, that managers are held accountable only for items over which they have control. The tendency to hold managers accountable even when they have no real control over conditions to achieve targets/objectives should be resisted.

Budget should be established and should be...

To control the financial position of an organisation, management needs to establish and monitor a budget.

A budget is a symptomatic method of allocating financial, physical and human resources in order to monitor progress towards organisational goals, help control spending and predict cash flow.

...based on sound financial data; provide comparison between budget vs actual as well as a realistic forecast.

This requires sound financial information, including a comprehensive accrual based budget, that clearly identifies budget versus actual as well as provides a revised forecast of financial information on an ongoing basis.

Budget should be linked to strategic plan and assist managers to perform their duties.

Budgets should:

- be linked to strategic and operational plans, aligning the budgeting process with the strategic direction of the organisation
- enable managers to connect daily activity with organisational goals,
- provide feedback about obstacles and opportunities and ultimately better performance.

The effective use of budgets requires that variances from budgets be identified and addressed as early as possible within the reporting cycle.

Operational success may be threatened if the variations are sufficiently severe.

The Year To Date budget is of limited use if it is simply the annual budget divided by 12 then multiplied by the number of months to date.

This approach lessens the effectiveness of monitoring variations from budget if the agency's actual expenditures and revenues exhibit seasonal patterns.

In monitoring financial positions, certain key financial ratios can be critical to the viability of an organisation, particularly those agencies working in the commercial environment. Various key ratios are identified in the illustration below.

Managers need the above information on a budgeted, actual and forecast basis, so will they also need details of all significant outstanding commitments.

Financial Ratios Commonly Used by Managers	
Ratio	Components
Liquidity	Cash, marketable securities and net accounts receivable to current liabilities
Working Capital	Current assets to current liabilities
Gearing	Liabilities to equity or Debt to equity
Operating Expenses	Administration expense to total expenditure or to net sales Finance expense to total expenditure or to net sales

Note: See Appendix A for further examples of ratios.

Some of the benefits of balance sheet management are that it:

- enables a focus on, and management of, the organisation's assets and liabilities, and assignment of responsibility for their management
- ensures assets are better utilised to deliver the agency's outputs
- ensures all significant financial issues relevant to the organisation are reported
- enables more effective benchmarking with other organisations, and
- recognises all assets and liabilities.

Source: Beyond Bean Counting p 67

Costs...

An important component of outputs/outcomes is cost, in total and as a unit of output. For unit costs the quantity of output is required.

This concept means that costs should be accounted for and reported in the cost centre of the manager who exerts control. In other words managers cannot be held accountable for events and costs outside their sphere of influence.

...need to be identified for inputs, processing and outputs.

Costs need to be identified for inputs, processes and outputs to meet the needs of managers. While the costs of outputs are routinely recorded, the costs of processes are less often identified.

Examining the cost of processes is important if managers are to ensure the efficiency of operations. To control, and therefore minimise expenditure, activities need to be controlled.

Service delivery agencies that do not charge for services would benefit from a costing system which would assist in measuring and comparing the cost of inputs.

Cost Information Requirements for Managers	
Type	These costs need to be separated into:
Inputs	Direct and indirect inputs Variable and fixed inputs
Processes	Value added and non-value added process costs Primary and secondary process costs
Outputs	Full costs of outputs Unit cost of outputs

Line managers need to know the costs of support services in cases where those costs add to the cost of outputs in their area of responsibility.

For cost information to be more useful and relevant, the information should be in the form of full accrual cost for each business unit.

Resource Utilisation Requirements for Managers	
Resource	Suggested Measure
Staff	Output per employee per productive hour Operational hours against capacity Overtime per employee Staff leave, training and administration hours against operational hours Idle time per employee
Cash	Cash balance as multiple of daily or monthly cash requirement Cash balance as proportion of total current assets
Fixed Assets	Operational hours against capacity Floor space occupied against capacity

The performance of resources used in the production of outputs is another key requirement of managers in terms of financial and operational performance.

The performance of resources is intrinsically linked to the rate of consumption for given outputs. The nature of the resource will govern the utilisation rate and other indicators of performance for usage.

Staff Costs are important factors...

Measurement of costs is important. The unit cost of physical outputs is easier to judge than the cost of outputs of some services. Measurement of outputs and outcomes (relative to inputs and costs) is more problematical in the public sector where outcomes and outputs are more generic.

...in the public sector, it can represent around 80% of the total costs.

In the public sector and other service industries, staff costs are an expensive resource and often absorb around 80% of operational costs. On this basis minor savings in percentage rates will result in significant financial savings.

A direct measure of utilisation for staff is output [dollar and quantity] per productive hour. The retrieval of this information will require the development of appropriate systems.

Legal and Regulatory Compliance

Public Sector needs to comply with legislative requirements.

Organisations within the NSW public sector are required to comply with a range of legislation pertinent to the operations of each agency.

Other legislation is more generic and applies across the public sector, for example the *Public Finance and Audit Act 1983*, which deals with certain accounting and auditing provisions.

In terms of financial matters organisations are also subject to the Treasurer's Directions and the requirements of the accounting standards issued by the professional accounting bodies.

The collection of information on the performance of an organisation against legal and regulatory compliance is an essential part of good governance.

✓ **Better Practice**

Better practice organisations:

- identify the type of information needed at various levels of management
- provide financial and non-financial information in a balanced way
- establish clear line of accountability
- link budget to strategic plan
- identify components of budget (costs, income, assets etc)
- provide timely and accurate information as to variations
- compare trends over time, allowing comparisons to the previous year or years' figures and/or for the same period last year, and undertake internal comparisons and benchmarking
- have regard to information needs that may vary from year to year and the particular emphasis or focus that can vary according to the time of year, seasonal factors, changes in agency responsibilities or unusual events
- require a simple and uniform structure for the chart of accounts and based on need, limit the number of cost centres and accounts in the general ledger
- present internal reports as close as possible to the format of external reports including the financial statements contained in the Annual Report
- require commonality of the year end projections used in internal reports and Treasury Financial Information System (FIS) monthly reports
- establish a business case for new information required but is not readily available [that is the cost to collect and report the information versus the benefits of obtaining the information]
- institute legal and regulatory "sign offs" as part of the preparation of statutory financial statements
- periodically review what information is currently available
- provide commentary on the remedial action that is being taken or proposed to be taken to remedy any performance problems highlighted in the report.

Example Agency

Statement of Financial Performance – Whole Agency for the period ended 30 September 2001

	Year to Date				Year Ending 30 June 2002			
	Actual \$'000	Budget \$'000	Variance %	Comment	*Forecast \$'000	Budget \$'000	Variance %	Comment
Expenses								
Employees	225	265	15.1	1	550	600	8.3	1
Suppliers	185	195	5.1		360	400	10.0	2
Depreciation & Amortisation	75	75	0.0	⇔	200	200	0.0	⇔
Interest	35	33	-6.1		60	50	-20.0	3
Loss from Sale of Assets	60	50	-20	2	60	50	-20.0	4
Total Expenses	580	618	6.1		1,230	1,300	5.4	
Revenue from Independent Sources								
Sale of Goods & Services	180	210	-14.3	3	430	450	4.4	
Other revenue	55	65	-15.4		100	100	0.0	⇔
Total Revenue from Independent Sources	235	275	-14.5		530	550	3.6	
Net cost of Services	345	343	-0.6		700	750	6.7	
% Cost recovery	40.5%	44.5%			43.1%	42.3%		
Revenues from Government								
Appropriations	260	260	0.0	⇔	680	700	2.9	
Operating Result – Surplus/(Deficit)	-85	-43	99.7	4	-20	-50	60.0	

*Forecast: actual to date + re-estimates for the rest of the Year.

Legend Favourable Unfavourable Negligible variance ⇔

Key Financial Performance Indicators

Employee costs as a percentage of Total Expenses	38.8%	42.9%
Ratio of external revenue to appropriations	90.4%	105.8%

44.7%	46.2%
77.9%	78.6%

Comments - Year to Date
1. Favourable performance due to staff reductions.
2. Large loss on building sales due to depressed market.
3. Sales of goods and services below budget due to private sector competitor entering market.
4. Overall result poor but revised budget forecast appears to recover situation in balance of the year.

Comments - Year Ending 30 June 2002
1. Expected further savings from reductions in staff numbers
2. Change of suppliers including bulk purchases
3. Additional interest charges arising from overseas loans
4. Losses expected from a down turn in the property market

Who Needs What, When and in What Format?

Who Needs The Information?

Need to identify who needs what information so that the right information will be provided ...

Managers, including the Board and the Chief Executive Officer, need to be clear about the type of information they need to manage and to measure performance relative to objectives and targets.

...to the right people at the right time.

The information needs of managers will vary according to their role or function in the organisation.

Three categories of managers. They are:

In its publication, *Building a Better Financial Management Framework - Defining, Presenting and Using Information*, the ANAO categorised the managers and their needs into three distinct categories.

Strategic Managers

Strategic managers – defined as chief executive, boards and executive management who require an overall picture of the agency such as information on outputs, budget variances and compliance issues. This information is likely to be presented on an exception basis.

The preparation of separate reports facilitates internal comparison and benchmarking of performance. To this end strategic managers are likely to require a summary of results from each business segment.

Operational Managers

Operational managers – these are line managers responsible for the delivery of goods and services and require more detailed information which may relate to a particular region or cost centre, by product or output.

Business Support Managers

Business support managers – such as the chief finance officer, the head of human resources and require information on the particular function for which they have a strategic responsibility across the organisation, for example Human Resources.

The Human Resources manager will require costs on that function and the processes and activities that function performs to assist in cost control relative to output and achievement.

Agencies should customise information provided to managers based on their functional responsibilities.

The following matrix provides a guide as to the type information that may be provided to managers based on their function and financial management responsibility.

Responsibility/ Information	Strategic Managers	Operational Managers	Business Support Managers
Efficiency and Effectiveness of Resources			
Output Cost	Full and unit cost of all outputs	Full and unit cost of outputs by segment	Full and unit cost of enabling outputs by support function
Budget	Overall budget, actual and forecast revenue and costs	Budget, actual and forecast revenue and costs by segment	Budget, actual and forecast revenue and costs by support function
Utilisation	Summary: staff and asset utilisation for organisation	Summary: staff and asset utilisation by segment	Detail: staff and asset utilisation and turnover for organisation
Financial Position	Summary: financial statements for organisation	Detail: financial statements by segment	Debtors and creditors ageing; employee provisions
	Key financial ratios	Key financial ratios by segment	
	Summary: cash flow statement		Detail: cash flow statement
Compliance			
	Exception reporting of all financial breaches	Exception reporting of financial breaches by segment	Overdraft balances, bad debts, losses, write-offs
Financial Reporting			
	Summary: all material transactions processed for period	Detail: material transactions by segment for period	

Source: ANAO *Building a Better Financial Management Framework - Defining, Presenting and Using Information* p.30

Many managers will not be able to specify immediately, and with precision, the types of financial information needed, especially if they are from a non-financial management background.

Nevertheless, there is a need for managers to articulate as clearly as they can the information they need to carry out their functions in an efficient and appropriate manner.

This is even more so with senior managers and boards. CEOs and boards should have a clear idea as to the information and the details they need. But of course, the finance unit can assist in advising as to the information available and the best way to present it.

The finance unit has a responsibility to ensure managers receive financial information they need.

As a consequence, the finance unit, as the major provider of financial information, has a significant role in this regard.

The finance unit needs to ensure that all parties involved reach a common understanding on identifying requirements, expectations and delivery of financial information with the users.

Steps that the finance unit can take include:

- developing an awareness of the contents of the corporate and business plans to understand users' responsibilities that generate a requirement for financial information
- facilitating structured interviews or workshops to determine the needs of managers
- consulting managers individually on their needs
- identifying what information managers currently rely on and what information is ignored [by this means gaps can be closed between relevant and non-relevant financial information]
- assisting users to manage their financial responsibilities and how financial information can assist in the discharge of those responsibilities.

✓ Better Practice

Better practice agencies:

- arrange dialogue between the finance unit and users to better understand needs, determine discretionary and non-discretionary needs, and time requirements etc.
- evaluate their internal management reports for usefulness and tailor content to the needs of individual managers
- regularly review the financial reports to identify and cull information that are routinely provided to meet past needs but which no longer apply
- minimise costs of financial reporting by regularly reviewing their distribution lists to ensure copies are not provided to persons who do not find a valuable use for the information
- adopt the principle of exception-based reporting - management attention is focussed on the variations in those areas which are not performing according to plan.

When is the Information Needed

Information should be provided promptly and at the right time.

The information should be provided as soon as possible after period end.

The audit research indicates that the majority of agencies produce reports within 14 days of the end of the month but this is beyond the limits of better practice.

Timeliness vs accuracy must be considered and resolved.

Timeliness versus accuracy is an issue.

Reports need to be reliable. However, producing a timely report that is 95 percent accurate may be a practical compromise over producing a report that is 99% accurate but considerably out of date.⁶

Target date and frequency for distribution must be established.

Undue delays in advising managers of their budget allocations can adversely affect financial performance, particularly in a devolved entity structure.

It is not uncommon for managers to receive details of final budgets when much of the year has expired.

Comprehensive updated budget information should be provided on a monthly basis.

Budgeted, actual and forecast information should be updated on a monthly basis.

Responsibility for updating the forecasts should be clearly specified.

Corrective strategies may be thwarted if variations from budget are not identified promptly.

Most agencies aim to distribute reports approximately one week before the scheduled monthly meetings of the Board/Executive Group.

⁶ Management should receive information that is at least 90 to 95 percent accurate to enable them to formulate appropriate decisions *Financial Intelligence – Getting Reports Right* CFO Magazine November 1996, p 68

Good Practice

The **Department of Health** has established targets for the provision of the year to date results, financial projections and the analysis/commentary to be included in the monthly internal financial reports.

The Department of Health reports its target and actual performance using a colour-coded system.

Actual performance is reported using a 'traffic lights' arrangement [green - within target, amber - near target and red - exceeds acceptable range] to highlight results.

As part of its quality assurance mechanisms for internal financial reporting, in 1998 the Department of Health introduced a system of programmed internal audit reviews of the reports prepared by the various Health Services.

✓ Better Practice

Better practice organisations:

- provide prompt advice and allocation of budget funding as close as is practicable to the commencement of the financial year.
- provide reports available to senior management within two to five days after month end
- actively monitor delays in provision of the reporting information
- have quality assurance processes so that the content of reports is reliable
- update budgeted, actual and forecast information on a monthly basis
- provide reports to the Board/Executive Group about one week prior to the executive meeting.

What Format

Format and presentation of information is vitally important.

Whilst the content of management report is critical, the visual presentation and mode of delivery are also important.

If information is not user friendly, or visually boring it will be difficult to motivate users to use the information for the better management of the organisation.

Short and concise reporting is preferable – emphasis on the important elements and groups. Duplication of data within the same report should be avoided.

In deciding on format, organisations need to consider the:

- suitability of particular items for exception reporting versus comprehensive routine reporting
- identification of any significant accounts or key transactions
- identification of risks consistent with the good practice of Risk Management
- the extent to which analysis of data is to be provided
- the use of uniform signage for indicating whether variations are favourable or unfavourable
- use of charts and graphs (“a picture paints a thousand words”).

Reports should comment on KPIs.

Reports should comment on the achievement, or otherwise of key financial performance indicators, linked to operational performance information such as quantity, quality/number of errors and percentage on-time performance against targets.

Consistent financial performance indicators should be used across and down through organisation levels.

Graphs and charts are recommended where appropriate, as are ratios and cost per unit analyses.

The reporting of information should be directed to those who make decisions based on the information. Access to the information will also be required by those responsible for monitoring outputs and outcomes.

The focus of information gathering should be on those activities involved in converting inputs to outputs and what outcomes result.

Source: Council on the Cost of Government – Fourth Report p 21

Information for managers can be distributed in hardcopy, but increasingly is being distributed by e-mail or made available on-line (from the agency's FMIS or Intranet) for access anytime it is required.

Better practice is to use technology to make the managers' job easier. For example, the monthly report could be a one page hard copy or e-mail containing key highlights backed up with a reference to the network files or website for further information.

A good practice is to issue standard reports, with underlying data available electronically to permit further analysis if required, using spreadsheets, an Executive Information System (EIS) and user friendly, flexible report writer software to interrogate system data.

Many better practice organisations use an Executive Information System to provide managers with easy accessibility to the raw data in their Financial Management Information System and to link financial data with performance data from their operational systems. The data can be viewed in a variety of ways: it can be browsed for new insights, summary views can be provided, along with the facility to 'drill down' to obtain greater levels of detail about interesting information, and 'what if' analyses can be conducted to explore the data relationships further.

Source: Beyond Bean Counting p 65

A number of selected Key Performance Indicators can be monitored by managers who log on to the Department of Health's internal Intranet site (HealthNet). Some critical operational indicators such as ambulance diversions are updated every few hours during the day.

✓ Better Practice

Better practice organisations:

- limit reports to ten pages or less
- report on key performance indicators to supplement traditional financial reporting
- ensure the financial information is future focused and balanced with non-financial information
- limit numerical information (no more than 20%) in favour of graphs and charts in reports
- recognise the need for flexibility and compromise in determining the content and format of reports as needs vary within user groups
- customise reports to the extent possible but do need to find the right balance between too much and too little information
- consider what needs can be adequately met on an ad-hoc and/or specialist basis rather than building too much into the mainstream reporting
- maintain an inventory or catalogue of the financial management reports available to managers in an agency. The inventory is regularly reviewed to ensure the reports are timely, relevant and accurate.

Better Practice in the Use of Charts

Some of the types of diagrams commonly used in reports include pie charts, simple bar charts, histograms, graphs showing trends and, where appropriate, maps.

When presenting information in diagrams it is better practice to:

- keep diagrams simple and avoid clutter by restricting components to a minimum. If necessary, use several charts rather than one complicated chart to put across a message
- avoid shading and other techniques used to create depth if they distort the presentation.

Charts show overall patterns and trends at a glance. They are most valuable for showing changes over time or comparisons between related groups, such as business units or geographic locations. The size of changes - particularly larger changes - are best demonstrated by a chart.

However, a chart is not an appropriate tool for providing detail. When precise figures need to be given or when small movements in data need to be highlighted a table may be better. Often it can be helpful to report the actual numbers at the top of the bars in a chart or in an accompanying table.

The following points should be kept in mind when setting up a chart:

- it is easy to manipulate a chart by using different scales or different size charts to achieve illusions of either great change or no change. To avoid misunderstanding, ensure units, axis and scale are clearly shown
- the use of double-axis charts is not recommended. Portraying two measures on different scales on the same chart can be misleading and can show false relationships and comparisons. Seek alternatives such as converting the measures to index numbers or by creating a new measure which is the ratio of the two original measures
- resist the use of three dimensional graphs for charts. The extra dimension may look attractive at first glance but it has no meaning and the resulting chart can confuse or mislead.

Whatever form of presentation is adopted, the aim is to clearly communicate the key message to users of the report. One way that this can be facilitated is by also providing for each chart a short written summary of the main message to be conveyed.

* - adapted from '*Presenting Data in Reports*' and '*Good Practice in Performance Reporting in Executive Agencies and Non-Departmental Public Bodies*' published by the United Kingdom National Audit Office, © 1998, © 2000

Checklists

Essential Fundamentals

Has vision been translated into clear objectives and strategies?	<input type="checkbox"/>
Has risk assessment to achieve objectives been carried out?	<input type="checkbox"/>
Has management and accounting information system been designed to support strategic objectives?	<input type="checkbox"/>
Has management information system (financial and non-financial) been designed to monitor and report on performance?	<input type="checkbox"/>
Has managers' responsibility been assigned and is it consistent with their authority?	<input type="checkbox"/>
Has managers' performance assessment been designed to assess their performance against financial and non-financial targets?	<input type="checkbox"/>
Has accrual accounting been adopted for ALL reporting, including those during the year?	<input type="checkbox"/>
Has benchmarking exercise been carried out and where possible benchmarks have been identified?	<input type="checkbox"/>
Has an integrated database been established or has an interrogation system capable of easy access of database been implemented?	<input type="checkbox"/>

What Information is Needed

Has financial information been designed to incorporate non-financial information and commentary?	<input type="checkbox"/>
Has budget been linked to corporate plan?	<input type="checkbox"/>
Has chart of accounts and been aligned with end of year reports and with the needs of the users?	<input type="checkbox"/>
Have costs centres been defined?	<input type="checkbox"/>
Has a policy to require to present a business case for each new project been established and implemented?	<input type="checkbox"/>
Has a policy for signing off on financial and non-financial management information reports been established?	<input type="checkbox"/>
Has a policy requiring commentary on variation from budget been established and implemented?	<input type="checkbox"/>

Who Needs What?

Has information need for each category of managers been identified and defined?	<input type="checkbox"/>
Has the contents of each report been discussed and cleared with the users?	<input type="checkbox"/>
Has the frequency and timing of reporting been defined?	<input type="checkbox"/>
Has a policy to review contents of reports been established and has it being carried out?	<input type="checkbox"/>
Has a policy to review frequency and supply of management reports been established and has it been implemented?	<input type="checkbox"/>

When?

Has a policy for the timing of each management report been established and has it been implemented?	<input type="checkbox"/>
Has a policy been established to monitor delays in distributing management information and has it been implemented?	<input type="checkbox"/>
Has a policy to require appropriate quality assurance in respect of management information reports been established and has it been implemented?	<input type="checkbox"/>
Has a policy to provide monthly update on budget, including actual and recast forecast for rest of year been established and has it been implemented?	<input type="checkbox"/>

What Format?

Has the format of each report been designed so as to provide that the required information in the simplest way and with the minimum number of pages?	<input type="checkbox"/>
Has each report been considered and designed to identify and report on the key performance indicators relevant to its content?	<input type="checkbox"/>
Has the provision of graphs, charts and other visual aids been considered and where possible implemented?	<input type="checkbox"/>
Has a catalogue of management report been established and made available to managers?	<input type="checkbox"/>

**Performance Audits by
the Audit Office of New South Wales**

Performance Auditing

Performance audits seek to serve the interests of the Parliament, the people of New South Wales and public sector managers.

The legislative basis for performance audits is contained within the *Public Finance and Audit Act 1983, Division 2A*, which differentiates such work from the Office's financial statements audit function. Performance audits examine whether an authority is carrying out its activities effectively and doing so economically and efficiently and in compliance with all relevant laws. These audits also evaluate whether members of Parliament and the public are provided with appropriate accountability information in respect of those activities.

Performance audits are not entitled to question the merits of policy objectives of the Government.

When undertaking performance audits, auditors can look either at results, to determine whether value for money is actually achieved, or at management processes, to determine whether those

processes should ensure that value is received and that required standards of probity and accountability have been met. A mixture of such approaches is common.

Where appropriate, performance audits provide recommendations for improvements in public administration.

Performance audits are conducted by specialist performance auditors who are drawn from a wide range of professional disciplines.

The procedures followed in the conduct of performance audits comply with the Audit Office's Performance Audit Manual which incorporates the requirements of Australian Audit Standards *AUS 806 and 808*.

Our performance audit services are certified under international quality standard *ISO 9001*, and accordingly our quality management system is subject to regular independent verification. The Audit Office of NSW was the first public audit office in the world to achieve formal certification to this standard.

Performance Audit Reports

No.	Agency or Issue Examined	Title of Performance Audit Report or Publication	Date Tabled in Parliament or Published
1	Department of Housing	<i>Public Housing Construction: Selected Management Matters</i>	5 December 1991
2	Police Service, Department of Corrective Services, Ambulance Service, Fire Brigades and Others	<i>Training and Development for the State's Disciplined Services: Stream 1 - Training Facilities</i>	24 September 1992
3	Public Servant Housing	<i>Rental and Management Aspects of Public Servant Housing</i>	28 September 1992
4	Police Service	<i>Air Travel Arrangements</i>	8 December 1992
5	Fraud Control	<i>Fraud Control Strategies</i>	15 June 1993
6	HomeFund Program	<i>The Special Audit of the HomeFund Program</i>	17 September 1993
7	State Rail Authority	<i>Countrylink: A Review of Costs, Fare Levels, Concession Fares and CSO Arrangements</i>	10 December 1993
8	Ambulance Service, Fire Brigades	<i>Training and Development for the State's Disciplined Services: Stream 2 - Skills Maintenance Training</i>	13 December 1993
9*	Fraud Control	<i>Fraud Control: Developing an Effective Strategy (Better Practice Guide jointly published with the Office of Public Management, Premier's Department)</i>	30 March 1994
10	Aboriginal Land Council	<i>Statutory Investments and Business Enterprises</i>	31 August 1994
11	Aboriginal Land Claims	<i>Aboriginal Land Claims</i>	31 August 1994
12	Children's Services	<i>Preschool and Long Day Care</i>	10 October 1994
13	Roads and Traffic Authority	<i>Private Participation in the Provision of Public Infrastructure (Accounting Treatments; Sydney Harbour Tunnel; M4 Tollway; M5 Tollway)</i>	17 October 1994
14	Sydney Olympics 2000	<i>Review of Estimates</i>	18 November 1994
15	State Bank	<i>Special Audit Report: Proposed Sale of the State Bank of New South Wales</i>	13 January 1995
16	Roads and Traffic Authority	<i>The M2 Motorway</i>	31 January 1995
17	Department of Courts Administration	<i>Management of the Courts: A Preliminary Report</i>	5 April 1995
18*	Joint Operations in the Education Sector	<i>A Review of Establishment, Management and Effectiveness Issues (including a Guide to Better Practice)</i>	13 September 1995
19	Department of School Education	<i>Effective Utilisation of School Facilities</i>	29 September 1995

No.	Agency or Issue Examined	Title of Performance Audit Report or Publication	Date Tabled in Parliament or Published
20	Luna Park	<i>Luna Park</i>	12 October 1995
21	Government Advertising	<i>Government Advertising</i>	23 November 1995
22	Performance Auditing In NSW	<i>Implementation of Recommendations; and Improving Follow-Up Mechanisms</i>	6 December 1995
23*	Ethnic Affairs Commission	<i>Administration of Grants (including a Guide To Better Practice)</i>	7 December 1995
24	Department of Health	<i>Same Day Admissions</i>	12 December 1995
25	Environment Protection Authority	<i>Management and Regulation of Contaminated Sites: A Preliminary Report</i>	18 December 1995
26	State Rail Authority of NSW	<i>Internal Control</i>	14 May 1996
27	Building Services Corporation	<i>Inquiry into Outstanding Grievances</i>	9 August 1996
28	Newcastle Port Corporation	<i>Protected Disclosure</i>	19 September 1996
29*	Ambulance Service of New South Wales	<i>Charging and Revenue Collection (including a Guide to Better Practice in Debtors Administration)</i>	26 September 1996
30	Department of Public Works and Services	<i>Sale of the State Office Block</i>	17 October 1996
31	State Rail Authority	<i>Tangara Contract Finalisation</i>	19 November 1996
32	NSW Fire Brigades	<i>Fire Prevention</i>	5 December 1996
33	State Rail	<i>Accountability and Internal Review Arrangements at State Rail</i>	19 December 1996
34*	Corporate Credit Cards	<i>The Corporate Credit Card (including Guidelines for the Internal Control of the Corporate Credit Card)</i>	23 January 1997
35	NSW Health Department	<i>Medical Specialists: Rights of Private Practice Arrangements</i>	12 March 1997
36	NSW Agriculture	<i>Review of NSW Agriculture</i>	27 March 1997
37	Redundancy Arrangements	<i>Redundancy Arrangements</i>	17 April 1997
38	NSW Health Department	<i>Immunisation in New South Wales</i>	12 June 1997
39	Corporate Governance	<i>Corporate Governance Volume 1 : In Principle Volume 2 : In Practice</i>	17 June 1997
40	Department of Community Services and Ageing and Disability Department	<i>Large Residential Centres for People with a Disability in New South Wales</i>	26 June 1997
41	The Law Society Council of NSW, the Bar Council, the Legal Services Commissioner	<i>A Review of Activities Funded by the Statutory Interest Account</i>	30 June 1997
42	Roads and Traffic Authority	<i>Review of Eastern Distributor</i>	31 July 1997
43	Department of Public Works and Services	<i>1999-2000 Millennium Date Rollover: Preparedness of the NSW Public Sector</i>	8 December 1997

No.	Agency or Issue Examined	Title of Performance Audit Report or Publication	Date Tabled in Parliament or Published
44	Sydney Showground, Moore Park Trust	<i>Lease to Fox Studios Australia</i>	8 December 1997
45	Department of Public Works and Services	<i>Government Office Accommodation</i>	11 December 1997
46	Department of Housing	<i>Redevelopment Proposal for East Fairfield (Villawood) Estate</i>	29 January 1998
47	NSW Police Service	<i>Police Response to Calls for Assistance</i>	10 March 1998
48	Fraud Control	<i>Status Report on the Implementation of Fraud Control Strategies</i>	25 March 1998
49*	Corporate Governance	<i>On Board: guide to better practice for public sector governing and advisory boards (jointly published with Premier's Department)</i>	7 April 1998
50	Casino Surveillance	<i>Casino Surveillance as undertaken by the Director of Casino Surveillance and the Casino Control Authority</i>	10 June 1998
51	Office of State Revenue	<i>The Levying and Collection of Land Tax</i>	5 August 1998
52	NSW Public Sector	<i>Management of Sickness Absence NSW Public Sector Volume 1: Executive Briefing Volume 2: The Survey - Detailed Findings</i>	27 August 1998
53	NSW Police Service	<i>Police Response to Fraud</i>	14 October 1998
54	Hospital Emergency Departments	<i>Planning Statewide Services</i>	21 October 1998
55	NSW Public Sector	<i>Follow-up of Performance Audits: 1995 - 1997</i>	17 November 1998
56	NSW Health	<i>Management of Research: Infrastructure Grants Program - A Case Study</i>	25 November 1998
57	Rural Fire Service	<i>The Coordination of Bushfire Fighting Activities</i>	2 December 1998
58	Walsh Bay	<i>Review of Walsh Bay</i>	17 December 1998
59	NSW Senior Executive Service	<i>Professionalism and Integrity Volume One: Summary and Research Report Volume Two: Literature Review and Survey Findings</i>	17 December 1998
60	Department of State and Regional Development	<i>Provision of Industry Assistance</i>	21 December 1998
61	The Treasury	<i>Sale of the TAB</i>	23 December 1998
62	The Sydney 2000 Olympic and Paralympic Games	<i>Review of Estimates</i>	14 January 1999

No.	Agency or Issue Examined	Title of Performance Audit Report or Publication	Date Tabled in Parliament or Published
63	Department of Education and Training	<i>The School Accountability and Improvement Model</i>	12 May 1999
64*	Key Performance Indicators	<ul style="list-style-type: none"> • <i>Government-wide Framework</i> • <i>Defining and Measuring Performance (Better practice Principles)</i> • <i>Legal Aid Commission Case Study</i> 	31 August 1999
65	Attorney General's Department	<i>Management of Court Waiting Times</i>	3 September 1999
66	Office of the Protective Commissioner Office of the Public Guardian	<i>Complaints and Review Processes</i>	28 September 1999
67	University of Western Sydney	<i>Administrative Arrangements</i>	17 November 1999
68	NSW Police Service	<i>Enforcement of Street Parking</i>	24 November 1999
69	Roads and Traffic Authority of NSW	<i>Planning for Road Maintenance</i>	1 December 1999
70	NSW Police Service	<i>Staff Rostering, Tasking and Allocation</i>	31 January 2000
71*	Academics' Paid Outside Work	<ul style="list-style-type: none"> ▪ <i>Administrative Procedures</i> ▪ <i>Protection of Intellectual Property</i> ▪ <i>Minimum Standard Checklists</i> ▪ <i>Better Practice Examples</i> 	7 February 2000
72	Hospital Emergency Departments	<i>Delivering Services to Patients</i>	15 March 2000
73	Department of Education and Training	<i>Using computers in schools for teaching and learning</i>	7 June 2000
74	Ageing and Disability Department	<i>Group Homes for people with disabilities in NSW</i>	27 June 2000
75	NSW Department of Transport	<i>Management of Road Passenger Transport Regulation</i>	6 September 2000
76	Judging Performance from Annual Reports	<i>Review of eight Agencies' Annual Reports</i>	29 November 2000
77*	Reporting Performance	<i>Better Practice Guide A guide to preparing performance information for annual reports</i>	29 November 2000
78	State Rail Authority (CityRail) State Transit Authority	<i>Fare Evasion on Public Transport</i>	6 December 2000
79	TAFE NSW	<i>Review of Administration</i>	6 February 2001
80	Ambulance Service of New South Wales	<i>Readiness to respond</i>	7 March 2001
81	Department of Housing	<i>Maintenance of Public Housing</i>	11 April 2001
82	Environment Protection Authority	<i>Controlling and Reducing Pollution from Industry</i>	18 April 2001
83	Department of Corrective	<i>NSW Correctional Industries</i>	13 June 2001

No.	Agency or Issue Examined	Title of Performance Audit Report or Publication	Date Tabled in Parliament or Published
<hr/>			
	Services		
84	Follow-up of Performance Audits	<i>Police Response to Calls for Assistance The Levying and Collection of Land Tax Coordination of Bushfire Fighting Activities</i>	21 June 2001
85*	Internal Financial Reporting	<i>Internal Financial Reporting including a Better Practice Guide</i>	June 2001
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* Better Practice Guides

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