Previous PFA Requirements

Must contain, for each appropriation [s14(1)(a)]:

- the Vote to which the appropriation relates
- the Minister responsible
- the department that will administer the Vote
- the appropriation's type, amount, scope and period.

Must contain, for each department, the projected balance of net assets at the end of the financial year [s14(1)(c)].

The Information **Supporting** the Estimates

The

Estimates

Must contain, for each appropriation [s15(1)]:

- a concise explanation of each appropriation (including the intended impacts, outcomes or objectives)
- the performance measures and forecast standards to be achieved for each class of outputs
- forecast expenses to be incurred for each class of outputs in a MCOA
- comparative voted and estimated actual expenses or capital expenditure for each appropriation for the previous financial year.

Must contain, for each Vote [s15(2)]:

- comparative voted and estimated actual expenses or capital expenditure for the previous financial year, for each type of appropriation
- comparative actual expenses or capital expenditure for each of the 4 financial years before the previous year, for each type of appropriation
- a summary of the financial activity relating to the Vote for the financial year to which the Appropriation Bill relates, and comparative budgeted and estimated actual figures for the previous financial year.

Statements of **Forecast** Service **Performance**

Must be provided by each department, be prepared in accordance with GAAP, and include, for each class of outputs the department intends to produce [s41(1)(e)]:

- o a description
- othe output delivery measures and standards
- othe expected revenue to be earned and output expenses to be incurred. Requirement currently met via the information provided under s15(1).

Forecast Financial Statements of **Departments**

Must be provided by each department [s41(1)(a) - (d)], currently included as part of the Information Supporting the Estimates.

Departmental Statements of Intent

Information on future operating intentions must be provided annually by each department, and include, for the forthcoming year and at least the next two financial years [s40]:

- the nature and scope of the department's functions and intended operations
- the specific impacts, outcomes, or objectives that the department seeks to achieve or contribute to
- how the department intends to achieve these impacts, outcomes or objectives and how it intends to manage its functions and operates within a changeable operating environment
- the main measures and standards that the department intends to use to assess and report on its future performance, including:
 - the impacts, outcomes or objectives achieved or contributed to by the department
 - the cost-effectiveness of the interventions that the department delivers or administers
 - the department's organisational health and capability to perform its functions and conduct its operations.

Key Changes

Information change: new multi-category appropriations (MCAs) need a single overarching purpose [s14(e)].

Technical amendment: The Estimates will provide supporting information on capital injections rather than on net assets [s12A, s15E].

Replace reference to "impacts, outcomes or objectives" with requirement to [s15A]:

- provide an explanation of what is intended to be achieved with each appropriation
- explain concisely how performance will be assessed (not limited to output class appropriations)
- state where and by whom performance will be reported. MCOAs will be subsumed under the requirements for Multi-Category Appropriations.

Enhanced requirement for expenditure to be traceable between appropriations and categories of appropriations between financial years.

Technical amendment to improve traceability/tractability multi-year trend tables must be on a comparable basis for all years included in the table where a Vote has been restructured [s15(2)&(3)].

Replaced by the requirement above to provide an explanation of what is intended to be achieved with each appropriation and how this will be assessed [s15A].

Timing change: no longer submitted as part of the Information Supporting the Estimates. Will be provided as part of the Annual Report for the previous year [s45(3)].

Frequency change: Must be updated at least once every three years (or when responsible Minister requires) rather than annually [s38A].

Timing change: must be published online as soon as practicable after providing it to Minister. May be delayed if it takes effect after Budget Day [s39].

Tabling change: must be presented in the House with the Annual Report for the previous financial year, or in another documents is 391.

To allow greater flexibility to produce meaningful information, **remove** requirements to report on:

- the "impacts, outcomes or objectives" the department intends to achieve and the specific measures to be used
- the cost effectiveness of a department's interventions [s40].

Timing change: to the extent necessary the information on organisational health and capability will be in the strategic intentions [s40(c)&(d)], but must be reported in department's annual reports [s45(2)(c)].

New PFA Requirements

The Estimates now include the of information on MCAs

Providing information on capital injections for each department rather than net assets will avoid perverse consequences while maintaining Parliamentary scrutiny.

The changes to the Supporting Information will:

- help improve the qualityof performance information by including measures for wider range of appropriations and providing greater flexibility to select most meaningful measures
- focus performance reporting more on what is achieved with appropriations and less on departments, and
- support ex-post review of performance by clearly specifying where ex-post information will be found
- improve the traceability of expenditure between financial years by requiring that where an appropriation or category within an MCA does not directly correspond to an appropriation or category for the previous financial year, the comparative information for the appropriation or category must:
 - include all comparable expenses or capital expenditure and
 - must, to the extent practicable, identify each previous appropriation or category that includes comparable expenses or capital expenditure and the amount of expenses or capital expenditure for that previous appropriation or category.

Forecast financial statements of departments will be tabled in the House as part of the Annual Report of the department. As this information is not related to appropriations, it is not needed on Budget Day.

Information on Strategic Intentions will be submitted at least once every three years and provide a description of the department's strategic intentions. This change will improve the strategic focus of these documents and provide contextual information for Parliament when scrutinising the performance of departments.

Tabled in the House no later than departmental annual reports – exante focus on departmental

appropriations

o

ex-ante focus

on Budget Day

Tabled in the House

Previous PFA Requirements

Statements of **Service Performance**

Must be provided as part of Annual Report, be prepared in accordance with GAAP, and, for each class of outputs supplied by the department [s45A]:

- compare the actual standards of output delivery performance achieved by the department with what was forecast at the start of the
- compare the actual revenue earned and expenses incurred with the expectations set out at the start of the year.

Non-**Departmental Appropriation** Reporting by **Ministers**

Required for non-departmental appropriations that are not reported elsewhere, as listed in the Appropriation Act. The responsible Minister must provide a report to Parliament, within 3 months of the end of the financial year, that [s32A]:

- includes a statement of service performance, prepared in accordance with GAAP, or statement of results, that compares the service performance that was achieved with what was forecast to be
- compares the actual expenses or capital expenditure incurred with what was forecast.

Financial Statements of **Departments**

Part of Annual Report. Must be prepared in accordance with GAAP, and contain [s45B]:

- a comparison of the actual financial performance with the forecast financial statements prepared at the start of the year
- a statement of actual expenses and capital expenditure incurred against each appropriation administered by the department and each class of outputs included in each output expense appropriation
- a statement of unappropriated expenses and capital expenditure incurred in relation to the activities of, or appropriations administered by, the department, and an explanation of the reasons for the unappropriated expenses and capital expenditure

Annual Reports of **Departments**

Must provide the information necessary to enable an informed assessment of performance during the financial year, including an assessment against the intentions, measures and standards set out in the information on the department's future operating intentions submitted at the start of the year [s45(2)].

Must be prepared and audited within 3 months of the end of the financial year, and submitted to Parliament within 15 days of the audit report being completed [s44 and s45D].

Key Changes

Replaced by the requirement to provide ex-post performance information against appropriations; prepared in accordance with GAAP [s19A, s19B and s19C]. The Information Supporting the Estimates will state, for each appropriation, in which document this information will be provided.

To improve transparency, if an exemption from providing expost performance information is granted for a particular appropriation, the reasons for the exemption will be required to be stated in the Information Supporting the Estimates [s15A(2)(c)(ii) and s15D(4)].

Separated out: to underline their importance these two

and s45A].

statements will be a separate element of the Annual Report

rather than embedded in the financial statements [s45(2)(d)

Presentation: greater flexibility to allow Annual Reports to be

each report is separately identifiable within that document, to

grouped together within a single sector document, provided

facilitate easier scrutiny of a sector's performance [s44(5)].

Content: information on organisational health and capability

be included in Annual Reports [s45(2)(c) and s45(3)].

and forecast financial statements for the forthcoming year will

New PFA Requirements

Performance information against appropriations: expost performance information will be provided against appropriations. Flexibility about where this information is provided will facilitate clearer and more meaningful performance reporting (for example, could be reported in Annual Reports of departments, sector reports, or a separate report covering performance of a particular programme or initiative).

Financial Statements of Departments will continue to be part of Annual Reports [s45(2)(e)].

Annual Reports will provide information to allow an informed assessment of the department's performance during the financial year, including assessment against the strategic intentions set out in the department's Strategic Intentions Report [s45].

in the H Tabled ir of the

House within three months of the financial year – ex-post departmental performance

Tabled in the House within three months and 15 days of the end of the financial year – ex-post focus on appropriations

The Content of the Estimates and the Information Supporting the Estimates

Previous Content

The Estimates

- Summary tables
- An overview of each VoteFor each appropriation: Type; Title; Scope; Amount
- · Details of Projected Movements in Departmental Net Assets

The Information Supporting the Estimates

- Part 1: Summary of the Vote
- Parts 2 6: detailed information against each appropriation, including information on the intended <u>impacts</u>, <u>outcomes and objectives</u> and, for output expense appropriations, <u>performance measures and standards</u>.
- Statements of Forecast Service Performance of Departments (provided via the information in Part 2.1) (Replaced by new information on what is intended to be achieved with each appropriation.)
- Forecast Financial Statements of Departments (will be provided as part of departments' annual reports for the previous year).
- Statements of Intent of Departments (information on departmental strategic intentions will no longer be part of the Information Supporting the Estimates. Strategic intentions will be published at least once every three years, and be tabled in the House no later than departmental annual reports).

New Content

- The same core information and summary tables will be provided plus a summary table on multi-category appropriations. (Note: Summary tables may be provided online only, rather than in the printed volumes).
- · Information on capital injections for each department.
- Summary information for each Vote.
- Information against appropriations will be provided on: <u>what is intended to be achieved</u> with each appropriation; <u>how performance will be assessed</u> for a broader range of appropriation types; and <u>where and by whom performance information will be reported</u> (see examples below).

For each appropriation, there will continue to be one Minister who is accountable to Parliament for that appropriation, and one department that is responsible to the Minister for the administration of that appropriation.

Departments are able to use appropriations administered by another department – the PFA clarifies responsibilities in these cases to facilitate greater cross-agency collaboration.

Example of the content the Estimates will contain, noting that the actual format is yet to be decided: Departmental Output Expense Appropriation

[The administering department will continue to be stated for each Vote]	2010/11		2011/12				
Titles and scopes of Appropriations by Appropriation Type	Budgeted \$000	Estimated Actual \$000		What is intended to be achieved with expenditure from this appropriation?	How is performance to be assessed?	Which agency will report performance?	Where performance will be reported to the House
Appropriation Title (M number) Appropriation scope statement	\$100	\$90		A description of what is intended to be achieved will be provided – could be stated in terms of outcomes, impacts or outputs, whichever is most appropriate.	Performance could be measured in terms of outcomes, impacts, outputs or service delivery performance, according to what is most meaningful for each appropriation.	States the agency that will be responsible for reporting performance against the appropriation at the end of the year.	Document in which performance information will be reported will be stated — most commonly departments' annual reports, but could also be, for example, a separate report for a specific programme or outcome.

[The administering department will continue to be stated for each Vote]	2010/11		2011/12*	Future Content Example, noting that the actual format is yet to be decided: Multi-Category Appropriation (MCA)				
Titles and scopes of Appropriations by Appropriation Type	Budgeted \$000	Estimated Actual \$000	Budget \$000	What is intended to be achieved with expenditure from this appropriation?	How is performance to be assessed?	Which agency will report performance?	Where performance will be reported to the House	
Multi-Category Appropriation Title (M number) Multi-Category Appropriation purpose statement	100	90	100*	with the MCA as a whole.	against the MCA as a whole.	States the agency responsible for administering the appropriation must provide information for the MCA as a whole.	Specifies where performance information for the MCA as a whole and each category of the MCA will be reported.	
Departmental Output Expenses								
Title Scope statement*	25	30	40	with this category of the MCA.	against this category of the MCA.	Administering department.	* The key constraints for MCAs will be the scope statements for each category, the total amount for the appropriation as a whole, and the period.	
Non-Departmental Other Expenses								
Title Scope statement*	25	15	15	with this category of the MCA.	against this category of the MCA.	Administering department.		
Non-Departmental Capital Expenditure								
Title Scope statement*	25	30	30	with this category of the MCA.	against this category of the MCA.	Administering department.		

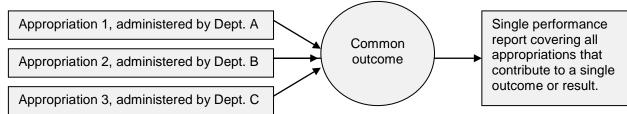
The Content of Departmental Annual Reports

Previous Content

Annual Reports

- Information necessary to enable an informed assessment of performance during the financial year, including an assessment against the intentions, measures and standards set out in the information on the department's future operating intentions submitted at the start of the year.
- Annual Financial Statements (including Statements of Expenses and Capital Expenditure relating to appropriations administered by the department)

Where applicable, performance against appropriations that contribute to a common outcome, but are administered by different departments, will be able to be reported in a single report about that outcome.



New Content

- Information to allow an informed assessment of the department's performance during the financial year, including assessment against the strategic intentions set out in the department's most recent Strategic Intentions Report.
- Annual Financial Statements
- Statements of Expenses and Capital Expenditure relating to appropriations administered by the department will also state where performance information for each appropriation is located (e.g. elsewhere in the annual report or another document)
- · Information on organisational health and capability (currently provided in Statements of Intent)
- · Forecast Financial Statements (*currently part of the Information Supporting the Estimates*)
- Performance information against appropriations, where stated in the Estimates that this would be provided in the department's annual report (*currently provided in annual reports OR Section 32A Reports OR the Information Supporting the Estimates for the following year*)

Departmental Annual Report: Example Contents Page

- Statement of responsibility
- Evidence-based commentary
 - Overview of full range of outputs delivered by the department
 - § reporting on what was achieved with appropriations, and/or
 - § cross reference(s) to performance information reported elsewhere (as specified in the Estimates)
 - o Progress against strategic intentions
 - Organisational health and capability

Departmental Agency Annual Report

- Departmental financial statements (including any departmental agencies)
 - prepared in accordance with GAAP
 - including any other financial statements or disclosure required under PFA and Treasury instructions
- Appropriation Statements relating to appropriations administered by the department (budgeted and actual expenditure; unappropriated expenditure)
- Audit opinion relating to:
 - o departmental financial statements
 - o appropriation statements

Where applicable, Departmental Agency annual reports could be presented in same document as annual report of host department

Departmental Agency Annual Report: Example Contents Page

- Statement of responsibility (signed by the chief executive of the departmental agency)
- Evidence-based commentary
 - Overview of outputs delivered by departmental agency
 - § reporting on what was achieved with appropriations (unless specified in the Estimates that another agency will provide this information)
- Progress against relevant strategic intentions outlined by host department
- Organisational health and capability
- Audit opinion in relation to performance information reported against appropriations