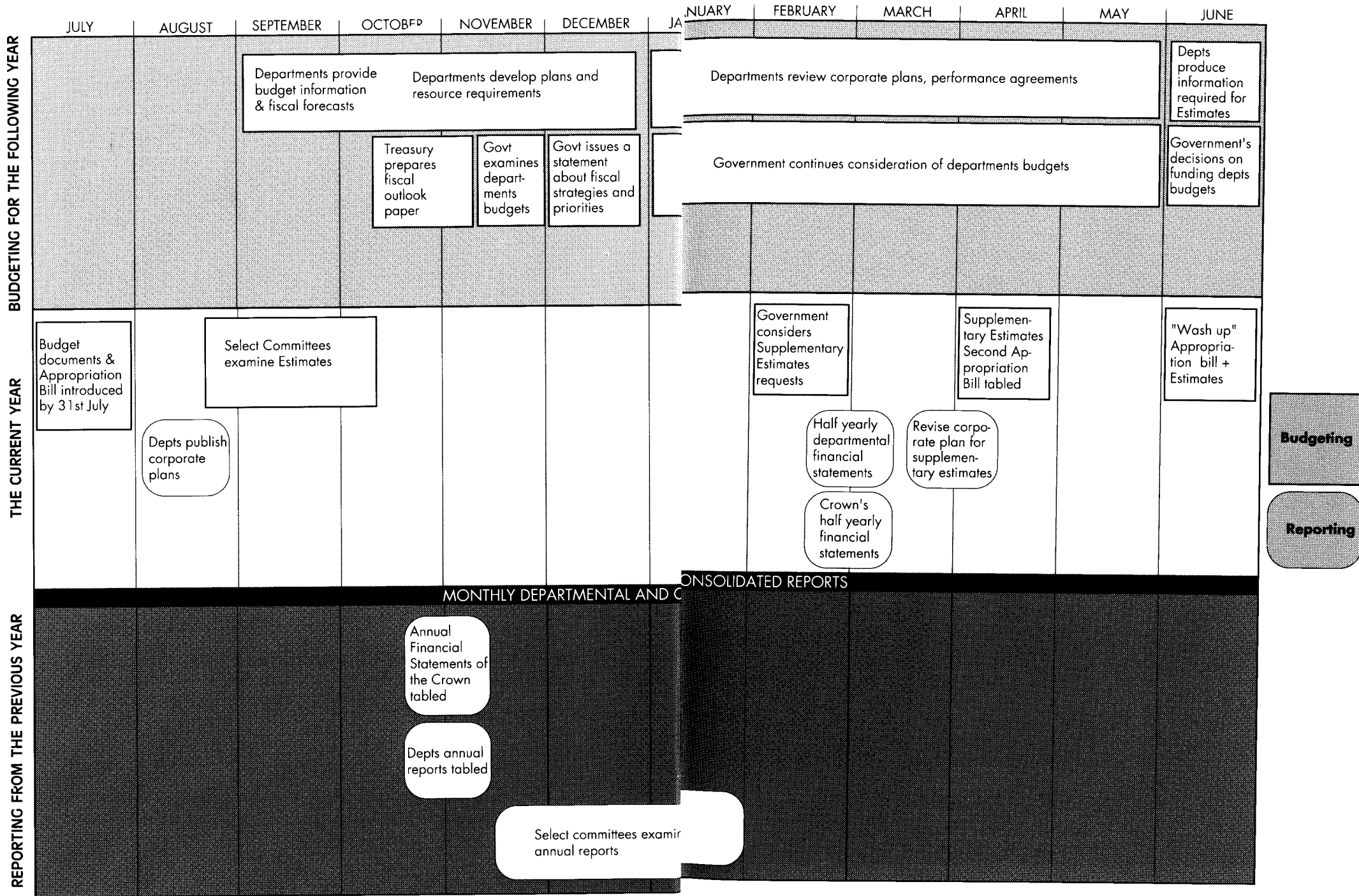
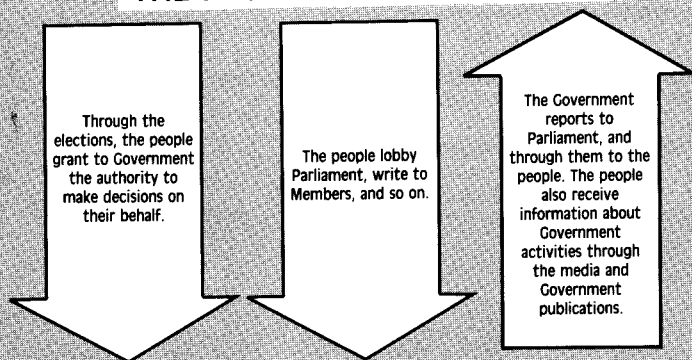


# BUDGETING AND REPORTING

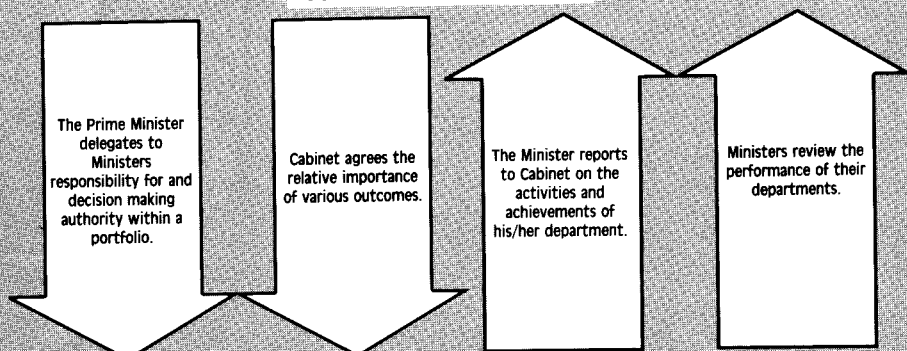


## THE FLOW OF INFORMATION

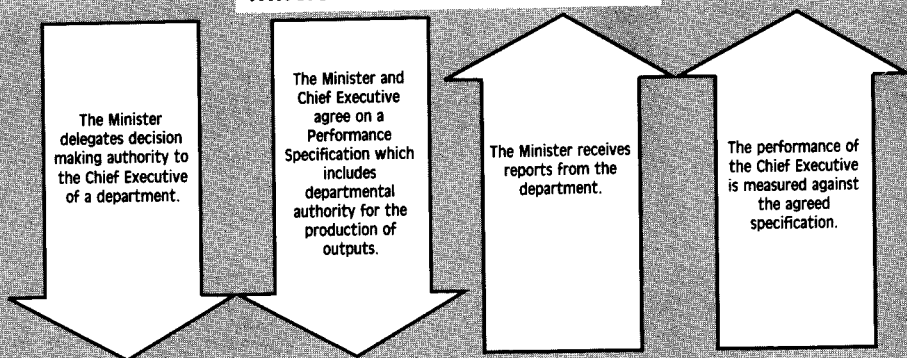
### THE PEOPLE OF NEW ZEALAND



### THE GOVERNMENT



### MINISTERS OF THE CROWN



### CHIEF EXECUTIVES

## Chapter Six: Show and Tell

Changes to reporting standards will provide Parliament and the public with better information on the performance of Government and its departments and agencies. Reports will be prepared in accordance with generally accepted accounting practice and will allow Parliament to compare what Government promised (in the Estimates) with what they achieved. Thus, the emphasis remains on improving accountability and on measuring performance.

This chapter looks at the reporting requirements for departments, Crown agencies and the Government as a whole. (From 1 July 1991, consolidated reports—those from the Government as a whole—will include the financial statements of departments, Crown agencies, offices of Parliament and state owned enterprises.)

### Monthly Reports

Throughout the year, Chief Executives will report to their Ministers. Ministers will forward monthly reports to the Minister of Finance. These will contain:

- summary details of financial position.
- cash flow.
- resource usage and revenue for each output.

The reports will explain any differences between budgeted and actual figures. They should also enable the Treasury to monitor departments' spending against their individual appropriations for classes of output, capital contributions and benefits and grants.

Every month the Treasury will have the opportunity to comment on significant variations from plans.

Every three months the Treasury will produce a summary review of the year to date. Cabinet will examine this and consider any major changes to outputs or resource requirements.

The Treasury is also required to present, to the Minister of Finance, a monthly consolidated cash-flow statement which will then be published in *The Gazette*.

## By the end of February

Departments will prepare six-monthly (1 July to 30 December) financial statements for publication. These must include:

- a statement of financial position.
- an operating statement.

(These first two are not required from departments receiving Mode A appropriations.)

- a statement of cash flows.
- a statement of objectives specifying classes of outputs and financial performance to be achieved.
- a statement of service performance comparing the outputs they **proposed** with the outputs they actually **produced**.
- a statement of commitments.
- a statement of contingent liabilities.
- a statement of unappropriated expenditure.
- a statement of accounting policies.

The report will be accompanied by a management statement signed by the Chief Executive and counter-signed by the department's chief financial officer.

The Treasury will prepare the consolidated half-yearly report of the Government. This must include:

- a statement of financial position.
- an operating statement.
- a statement of cash flows.
- a statement of borrowings.
- a statement of commitments.
- a statement of contingent liabilities.
- a statement of unappropriated expenditure or costs incurred.
- a statement of accounting policies.
- a statement of trust money held by the Crown.

(Until the financial year 1991/92 the consolidated report need not include the first two statements as some departments will be unable to provide the necessary information.)

The report will be accompanied by a management statement signed by the Minister of Finance and the Secretary of the Treasury.

Within 30 days of receiving the half-yearly reports, the Audit Office must issue an audit opinion. Within 6 sitting days of their return from the Audit Office the statements, management statements and audit opinion must be tabled in Parliament.

## Annual Reports

Annual financial statements from departments and the Annual Financial Statement of the Crown must be completed by the end of August. They must fulfil the same criteria as the half-yearly statements and are to be included in departmental annual reports.

Crown agencies are also required to report yearly. They must forward their financial statements to the Audit Office within 90 days of 30 June. Their statements will include the same type of information as departmental statements.

### *Key Point*

Clearer, more frequent and more complete reports allow the performance of Government to be monitored.