

What's changing in the Public Finance Act?

Start-of-year and end-of-year reporting
and statements of intent

July 2013

Start of year from 2014-15

What stays the same:

- Core dimensions of an appropriation: title, type, amount, scope, period
- 1 Minister responsible for each appropriation, 1 department administers

What's going:

- Net assets schedules
- Statements of forecast service performance

What's changing:

- Supporting information on appropriations, Votes
- Statement of Intent no longer required on Budget day

End of year from 2014-15

What stays the same:

- Requirement for an annual report (but not necessarily in standalone document)

What's going:

- Statements of service performance
- Section 32A reports

What's changing:

- Information on what achieved with each appropriation (but not necessarily in annual report)
- Statements of expenses and capital expenditure separate from financial statements

What's behind these changes?

- To enable appropriations to be more results-focused where appropriate
- To have end-of-year reporting directly against each appropriation (how much spent, what achieved)
- To shift the focus from prescribed reports to providing meaningful evidence-based information
- To enable end-of-year reporting to be grouped by sector or topic where appropriate rather than solely by organisational unit
- To encourage Statements of Intent to become genuinely strategic documents

Start of year: supporting information on appropriations

Information required on:

- what each appropriation or category is intended to achieve
- comparative voted and estimated actual expenses or capital expenditure for previous financial year
- how performance against the appropriation or category will be assessed
- the entity that will provide information at end of year on what has been achieved with the appropriation or category
- in what document the information will be presented to the House (need not be the administering department's annual report)

Appropriations: comparative information for previous financial year

- Traceability/trackability between years important to Members of Parliament
- If no directly corresponding appropriation or category for previous financial year, the comparative information for an appropriation or category must:
 - include all comparable expenses or capital expenditure
 - to the extent practicable:
 - identify each previous appropriation or category that includes comparable expenses or capital expenditure
 - identify the amount of comparable expenses or capital expenditure for that previous appropriation or category

Appropriations: exemptions from end-of-year performance information

- Appropriations for expenses and capital expenditure to be incurred by intelligence and security departments
- Appropriations for borrowing expenses
- Appropriations granted by Minister of Finance if satisfied:
 - Departmental output expense relates exclusively to outputs supplied by 1 department to another
 - non-departmental expense or capital expenditure is used by other than a department, Office of Parliament or Crown entity and criteria for when a section 32A report would not have been required apply

Start of year: supporting information on Votes

Multi-year trend table for each Vote must:

- Cover the Budget year, the 5 previous financial years, and the next 3 financial years
- If the Vote has been restructured, be on the same basis for all those years as for the Budget year

Vote restructured if:

- The Vote has been combined with, or separated from, any other Vote
- An appropriation or category has been moved in or out of the Vote
- A category has been moved in or out of an MCA within the Vote

Capital injections to departments and Offices of Parliament

- Must be authorised in an Appropriation Act
- Supporting information must include:
 - Department to which capital injection is being made
 - a concise explanation of what capital injection is to be used for
 - amount of capital injection
- Provisions relating to capital injections do not apply to intelligence and security departments

End of year: performance information

- Must be prepared:
 - on each appropriation or category unless exempted
 - by the department, departmental agency, Office of Parliament, Crown entity, or Minister most recently identified in the supporting information for an Appropriation Act as providing this information
 - in accordance with GAAP to the extent that the information is of a form or nature for which provision is made in financial reporting standards that form part of GAAP
- If provided by other than a Minister, must be audited

End of year: annual reports

Required contents:

- Information necessary to enable an informed assessment to be made of the department's performance during year
- Assessment of operations
- Assessment of progress in relation to strategic intentions
- Management of organisational health and capability
- Statements of expenses and capital expenditure
- Annual financial statements
- Forecast financial statements for next financial year
- Statement of responsibility

Annual reports: statements of expenses and capital expenditure

Required contents:

- Statement of budgeted and actual expenses and capital expenditure incurred against each appropriation, and each category within a multi-category appropriation (MCA)
- For each appropriation details of the document in which the end-of-year performance information is presented to the House
- Statement of unappropriated expenses and capital expenditure, plus explanation of reasons for unappropriated
- Statement of authorised and actual capital injections
- Statement of unauthorised capital injections, plus explanation of reasons for them

End of year: flexibility

- Annual reports can be presented to the House in a document that contains other reports or information, provided each report or set of information is separately identified within that document.
- End-of-year performance information on what has been achieved with an appropriation or category must be presented to the House in the document most recently identified in the supporting information for an Appropriation Act, but this can be:
 - the document containing the administering department's annual report
 - another document

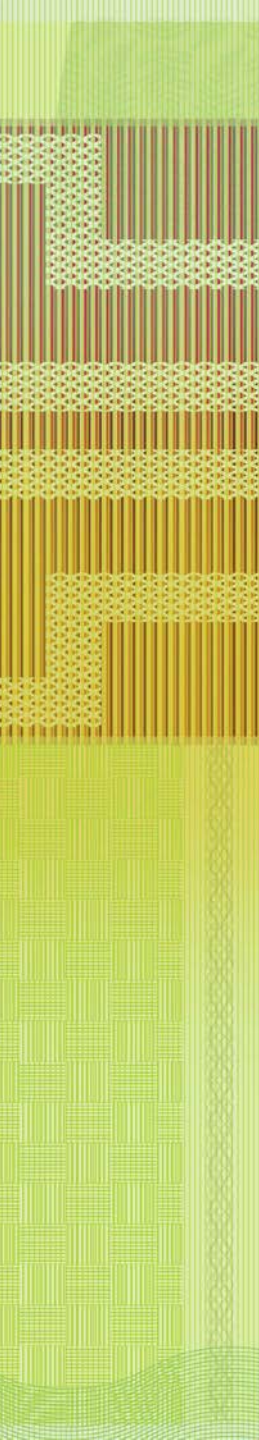
Strategic intentions/Statement of Intent

Information on strategic intentions must:

- relate to the forthcoming financial year and at least the following 3 financial years
- set out the strategic objectives the department intends to achieve or contribute to
- explain the nature and scope of the department's functions and intended operations
- identify any departmental agencies hosted by the department
- explain how the department intends to manage its functions and operations to meet its strategic intentions

Strategic intentions/Statement of Intent: how often?

- At least once in every 3-year period
- If there has been a significant change in the nature or scope of the department's functions, as soon as practicable but not later than 6 months after that change
- If the information becomes out of date because of a material change in the department's strategic intentions
- If the information on strategic intentions is otherwise false or misleading in a material particular
- If the department's responsible Minister requires the department to provide new information on strategic intentions
- A department and its responsible Minister should consider each year as part of the 4-year plan process, whether the department needs to refresh the information on its strategic intentions



Strategic intentions/Statement of Intent: publishing, presenting to House

- Department must provide information on its strategic intentions to its responsible Minister
- As soon as practicable after providing this information to its responsible Minister, department must publish it on its website (but not during the 3 months preceding Budget day)
- Information on strategic intentions must be presented to the House:
 - in the same document as the department's annual report for the previous financial year, or
 - in another document as soon as practicable after provided to responsible Minister and no later than when the annual report for the previous year is presented