



TE TAI ŌHANGA
THE TREASURY

Annual Reports and other End-of-Year Performance Reporting

Guidance for reporting under
the Public Finance Act 1989

June 2024

Accountability and performance management cycle



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This document supersedes the *Annual Reports and other End-of-Year Performance Reporting guidance: Guidance for reporting under the Public Finance Act 1989* released in July 2023.

1 What's New in 2024?

1.1 New improvement guidance section

The Treasury encourages departments to continually improve their performance narrative to Parliament and the public in their annual reports. A good performance narrative in an annual report provides an **appropriate and meaningful** account of the department's performance.

For 2023/24 annual reports the Treasury is encouraging departments to focus on these areas:

- Improve their disclosure of significant judgments under PBE FRS 48, see [section 4.1](#)
- Neutrally and fairly reflect having operated under two Governments in 2023/24, see [section 4.2](#)
- Support traceability of significant Budget decisions, see [section 4.3](#)
- Ensure accessibility of reporting, see [section 4.4](#).

1.2 New reporting requirements

1.2.1 Treaty settlement commitments

In December 2022, Cabinet agreed to the He Korowai Whakamana framework for achieving oversight of Treaty settlement commitments and a consistent approach for addressing and resolving settlement issues.

Public Service departments and departmental agencies, the New Zealand Defence Force and New Zealand Police must report on the status of their Treaty settlement commitments in their annual reports from financial year 2023/24 onward. See [section 8.6](#) for further guidance, and [Annex 6](#) for a reporting example.

1.2.2 Asset performance indicators for service critical assets

[CO \(23\) 9 Investment Management and Asset Performance in Departments and Other Entities](#) requires all departments to include asset performance indicators for service critical assets in their annual reports. CO (23) 9 replaces CO 19 (6). The previous circular stated that 'Agencies must report on relevant asset performance indicators in their annual reports'. This reporting requirement was only rolled out to investment intensive agencies. The revised reporting requirement in CO (23) 9 applies to **all departments**¹ for 2023/24 annual reports onwards.

¹ CO (23) 9 uses the definition of department in the PFA which includes departments (as defined in section 5 of the Public Service Act 2020), departmental agencies, interdepartmental executive boards, interdepartmental ventures, the New Zealand Defence Force, the New Zealand Police, the Parliamentary Counsel Office, the Office of the Clerk, and the Parliamentary Service.

[Section 8.4](#) provides further guidance on the reporting requirement and prompts for agencies on how to identify an appropriate and meaningful mix of indicators for their service critical assets.

1.2.3 Diversity, Equity and Inclusion

The Public Service is strengthening its approach to Diversity, Equity and Inclusion (DEI) by aligning the Papa Pounamu and Kia Toipoto work programmes. The guidance on reporting DEI in Annual Reports has been updated to reflect this new approach. See [section 8.9](#) and [Annex 7](#).

1.3 Technical clarifications

1.3.1 Use of contractors and consultants for producing annual reports

In August 2023 Cabinet office circular *CO (23) 6 Use of External Resources in the Policy Process: Cabinet Paper Requirement* was published. Included in the Circular is the Cabinet expectation that government agencies do not engage consultants or contractors for reporting to Parliament, including annual reports. Government procurement rules reinforce this expectation and provide guidance on the limited circumstances under which it could be justified. Refer to [section 5.1.1.1](#) for more information.

1.3.2 Plain Language Act 2022

See [section 7.1.1](#) for guidance on the application of the Plain Language Act 2022.

1.3.3 Financial statement comparisons and Forecast financial statements

The Treasury has improved the guidance it provides on Financial statement comparisons (see [section 7.5.4](#)) and Forecast financial statements (see [section 7.6](#)). Finance professionals preparing their department's financial statements are advised to read the revised guidance.

1.3.4 Errors identified following publication and presentation to the House

Guidance has been added to support departments that identify an error in their annual report following publication and presentation to the House, see [section 7.10.7](#).

1.3.5 PBE FRS 48 and comparative performance information

The PBE FRS 48 related guidance on comparative performance information for appropriations has been expanded to provide greater clarity on what is required. See [section 9.2.1.1](#).

1.3.6 Publishing s.19B reports

There is clarification in [section 9.3](#) that, while these reports are published under the authority of the House following presentation, they are also expected to be available on the administering department's website to support accessibility of performance reporting.

1.3.7 Intelligence agencies

The additional guidance for intelligence agencies has been revised to better reflect the requirements of the Intelligence and Security Act 2017, see [Annex 4](#).

2 About This Guidance

This guidance sets out what is expected and/or required of departments, Offices of Parliament, and Specified Agencies in preparing their annual reports and other end-of-year performance reporting in accordance with the Public Finance Act 1989 (PFA), other legislative or administrative requirements, and expectations.

For simplicity, the guidance often refers only to “departments”. In most of the guidance, this should be read as including Offices of Parliament and specified agencies unless different requirements are explicitly identified. The key differences for Intelligence and Security departments and Offices of Parliament are outlined in [Annex 4](#), and the key differences for specified agencies in [Annex 5](#).

The Crown Entities Act 2004 establishes separate but similar reporting requirements for statutory Crown entities. Annual report guidance for statutory Crown entities can be found on the [Treasury website](#).

Who should read this guidance

This guidance should be read by those involved in preparing a departmental annual report or reporting on what has been achieved with the appropriations administered by a department.

Chief executives and senior leadership teams may benefit from reading [What's new in 2024? To understand new requirements and section 4 Non-financial Performance Reporting – Improvement Guidance](#).

Questions and feedback

You should use this guidance as your first point of call for questions on departmental annual reporting.

General enquiries about the information contained in this guidance can be directed to performance.info@treasury.govt.nz

Department-specific questions should be addressed to your Treasury Vote team.

Further information

Links to further planning and reporting information and guidance are provided below:

Legislation

- [Public Finance Act 1989](#), in particular Part 4, which details the legislative requirements for annual reports. For reporting on what has been achieved with appropriations see sections 19A, 19B and 19C.

Accounting requirements and guidance

- [Treasury Instructions](#) – generally specify what chief executives of the departments of the Crown must do. The link is to the front page not the instructions themselves as the Treasury Instructions are updated regularly.

- [Treasury Circulars](#) – provide guidance and instructional information to departments, Crown entities and State-owned enterprises and request financial information from those agencies. The Treasury year-end circular including guidance on updated accounting standards may be a useful resource when preparing your annual report.
- PBE accounting standards can be found on the [XRB website](#).
- Public Sector PBE Accounting Standards compliant [model financial statements](#) are available on the Audit New Zealand website.

Auditing information

- The [Auditor-General's auditing standards](#) including [AG-4 Audit of Performance Reports](#).

Parliamentary requirements

- Requirements for presenting the annual report to the House are set out in on Parliament's website [Presentation of papers to the House](#).

General reporting guidance from OAG and the Treasury

- [General OAG resources](#) and guidance on performance reporting.
- [General Treasury resources](#) and guidance on performance reporting.

Guidance for documents reported against in the annual report

- The Treasury's [Strategic Intentions guidance](#).
- The Treasury's [Estimates and Supplementary Estimates technical guidance](#).
- The Treasury's [Public Finance Act: Guidance for Specified Agencies](#) (interdepartmental executive boards, interdepartmental ventures, and departmental agencies)

3 Purpose of Annual Reports and Other End-of-Year Performance Reporting

End-of-year performance reporting consists of two main elements:

- Annual reports for departments – The purpose of these documents is to enable an informed assessment to be made of the department's performance during the financial year, including how well the department is managing the resources it controls.
- End-of-Year Performance Information on Appropriations – The purpose of end-of-year performance information on appropriations is to identify what was achieved with each appropriation compared to what the appropriation was intended to achieve, as communicated to Parliament in the Estimates or Supplementary Estimates.

3.1 About departmental annual reports

A department's annual report is one of the most important ways a department is accountable to members of Parliament and the public they represent. It is a key resource for the department's responsible Minister, appropriation Ministers, and for the annual review of the performance and current operations of each department conducted by select committees under the Standing Orders of the House of Representatives (the House).

A good annual report can be a powerful way to promote better understanding and debate about how resources and powers were used and how to improve future performance. It can create greater public trust and confidence in the work of the department and show alignment with Government priorities.

An annual report covers the department's operations, progress against its strategic intentions and its organisational health and capability. It also contains statements of expenses and capital expenditure, annual financial statements, end-of-year performance information on appropriations, and any other matters.

3.2 About end-of-year performance information on appropriations

End-of-year performance information on appropriations allows comparison between what was intended to be achieved with each appropriation with what was actually achieved.

The table below summarises who reports on appropriations and the document that contains the end-of-year performance information on appropriations. The reporting can be done in an annual report or another type of document. [Section 9](#) provides details on these requirements.

Appropriation Type	Reporter and Document
Departmental appropriations (including Departmental Capital Expenditure)	In the document specified in the Estimates. Usually the department's annual report.
Non-Departmental appropriations	<p>The appropriation Minister either:</p> <ul style="list-style-type: none"> • in a report attached to the appropriation administrator's annual report, or • in a separate Vote xx Non-Departmental annual report, or • a Crown entity or other service provider in their annual report as long as it is presented in the House.
Multi Category Appropriations (MCAs) at the appropriation level and for each category	<p>One of the following:</p> <ul style="list-style-type: none"> • by a Crown entity, a Schedule 4 organisation (but not including a Reserves Board (as described in Schedule 4)), or a Schedule 4A company if the resources from that appropriation are used by that entity, organisation, or company only, or • by a department if the resources from that appropriation are used by that department only, or • by the appropriation administrator, in any other case.

4 Non-financial Performance Reporting – Improvement Guidance

The Treasury encourages departments to continually improve their performance narrative to Parliament and the public in their annual reports. A good performance narrative in an annual report provides an **appropriate and meaningful** account of the department's performance. The Treasury reviewed a selection of 2022/23 annual reports and identified three areas that provide opportunities for departments to improve their performance narrative. Guidance is also included on reflecting having operated under two Governments in 2023/24.

4.1 Improving disclosure of significant judgements under PBE FRS 48

Departments are required by PBE FRS 48 to disclose significant judgements relevant to the users' understanding of their service performance for appropriations. Disclosure statements are a new requirement for service performance reporting, and it will take time to reach a state of maturity on these. Departments should work with their auditors on making improvements to these.

The Treasury has reviewed what departments produced in 2022/23 and found that a number of departments did not have a disclosure of significant judgements statement as required by PBE FRS 48. Others produced a statement that does not appear to provide the user with adequate information. We offer some examples below that had elements that we found helpful in understanding the selection, measurement, aggregation, and presentation of the department's service performance information.

4.1.1 What do departments need to disclose?

The requirements for the disclosure are specified in paragraphs 44 – 47 of PBE FRS 48, which should be read alongside paragraphs 19, 21 and 22. There are seven elements in paragraph 46 that departments will need to consider for their disclosure, presented as (a) through (g).

- (a) *The extent to which the entity's service performance information is consistent with and clearly linked to the entity's overall purpose and strategies. If it is not, users may need to understand why not.*
- (b) *The extent to which the entity's service performance information reported is consistent with that used by the entity for internal decision making. If it is not, users may need to understand why not.*
- (c) *How much discretion the entity has over the selection, measurement aggregation and presentation of service performance information. The more discretion the entity has over what it reports, the more users are likely to be interested in the entity's judgements. In situations where there is significant judgement involved, such disclosures shall include the key factors (see paragraph 19) that formed the basis of those judgements. In some cases an entity's service performance information might be largely determined by external requirements or agreements with external parties. In other cases an entity's service performance information may be largely determined internally, or it may be based upon a combination of internal determinations and external contractual determinations or frameworks. In all cases, information about the level of discretion that an entity has, and the judgements it has made, would be relevant to users seeking to understand the entity's service performance information.*

- (d) *The extent to which the application of the qualitative characteristics and pervasive constraints on information (see paragraph 10) has influenced its service performance information.*
- (e) *The extent to which consultation with users influenced the reporting of service performance information.*
- (f) *The judgements made in deciding when to provide comparative narrative and descriptive information.*
- (g) *The judgements made about methods used in the selection, measurement, aggregation, and presentation of performance measures and/or descriptions.*

Departments are encouraged to discuss their draft judgements with their auditor early to identify those that are significant and should be disclosed. Auditors may provide departments with guidance on matters they think should be considered for disclosure. Departments are ultimately responsible for identifying the matters that should be disclosed, which are then tested by auditors.

There is a balance between disclosing too much and too little information. PBE FRS 48 provides information on a meaningful approach to disclosures. PBE FRS 48 does not require a department to disclose everything, just those aspects that have the most significant effect and relevance to a user's understanding.

Disclosing information on the reasons for every indicator would likely be too much information to report (though collecting this information may be useful for other purposes, such as for audit). Departments should instead consider their disclosure of judgements at the level of appropriations, as well as for their performance information presented under PBE FRS 48 as a whole.

Departments are not expected to state where they do not have significant judgements to disclose against each of the seven elements but are encouraged to document this information and share their rationale with their auditors.

4.1.2 How should disclosures be presented?

Departments should aim for disclosures that are user-friendly and support users to understand the significant judgements that have been made.

Departments will need to determine the best way to present their disclosures for their users. The Treasury encourages departments to have a clearly identifiable overarching disclosure statement in their annual reports, presented alongside their appropriation performance information. It is useful to present the disclosures with the statement required by paragraph 29 of PBE FRS 48 that identifies the service performance information presented in accordance with it.

Departments may determine that parts of their disclosure are more appropriately presented elsewhere to better support user understanding. This will depend on the nature, number and complexity of the disclosures. A department may choose to present specific disclosures for a particular appropriation or indicator alongside them or consider the use of the cross-referencing provision in paragraph 47. Departments should state in their overarching statement that they are presenting these further disclosures elsewhere.

4.1.3 Examples

The table below presents examples from both departments and Crown entities.

All of the example agencies below provided a clearly identifiable disclosure of significant judgements. Most identified what information was being presented in accordance with PBE FRS 48 (as required by paragraph 29). The column 'What the example demonstrates' explains what aspects of the example we found helpful. Note these examples do not reflect any judgements on these agencies' disclosure statements as a whole, an assessment of their annual report as a whole, or the actual performance of these agencies.

Departments will need to use their own judgement about what to include in their disclosures and should not rely on the examples. Departments should ensure that users have the relevant information they need to understand the significant judgements that were made in the selection, measurement, aggregation, and presentation of the department's service performance information.

Agency (type)	Location of disclosure statement	What the example demonstrates
Inland Revenue (department)	Pages 110-116	IR provided users with clear contextual information for their reporting in line with (a) and (b) (page 110). They provided more detailed judgements alongside individual indicators in notes (page 113). Detailed disclosures relating to (g) were provided on pages 114-116. IR mentions how there were no pervasive constraints on information they provided (see (d)) on page 110. They also discuss the level of discretion they have over indicator selection (c).
Oranga Tamariki (department)	Pages 64-68	OT provided users with clear contextual information for their reporting in line with (a) and (b) (pages 64-65). They included a brief statement on consultation with users (see (e)), see paragraph 3 on page 66 under 'how we measure our performance'.
Ministry of Business, Innovation & Employment (department)	Pages 68-72	MBIE provided users with clear contextual information for their reporting in line with (a) and (b) (pages 68). Their significant judgements are broken down by function (regional investment, service delivery, etc) and by indicator type (contract monitoring, customer satisfaction, etc.) to support user understanding.
Maritime New Zealand (Crown entity)	Pages 148-149	Maritime included context on the methods they used to select performance information (see (g) above). They identified the users of their annual report. They included information on external requirements or agreements in line with (c).
New Zealand Trade and Enterprise (Crown entity)	Pages 60-61	NZTE provided a brief overall disclosure statement on pages 60-61. They then clearly laid out detailed information below the reporting of results for each indicator.

New Zealand Transport Agency (Crown entity)	Page 30	NZTA noted that some information about selection, measurement and presentation of performance indicators was included alongside the relevant results. NZTA used cross-referencing to provide detailed information in a separate explanatory notes document .
Museum of New Zealand Te Papa Tongarewa (Crown entity)	Pages 17-21	Te Papa included clear contextual information for their reporting in line with (a), (b) and (c). They also provide the user with commentary on the selection of performance indicators, and key judgements (g). Te Papa also includes information on comparability in its disclosure (f).

4.2 Reflecting having operated under two Governments in 2023/24

The change in Government in November 2023 is likely to have impacted what a department has delivered in 2023/24. Departments will need to consider how they reflect this in their 2023/24 annual reports.

The Treasury recommends that departments consider how they will provide a *faithful representation* of their operations² in 2023/24. The annual report should provide users with an overall impression of the department's operations, and where relevant, how these have changed as a result of the new Government and/or the change in fiscal environment. Departments may consider providing users with a brief forward view of material changes to their operations agreed with their new Minister(s) in the 2023/24 year. Departments should present the impact of any changes in a neutral and unbiased manner.

Departments may find that presenting significant Budget decisions (see guidance below) will support communicating key changes that have been directed by and/or agreed with their new Minister(s).

4.3 Supporting traceability of significant Budget decisions

Departments are expected in their 2023/24 annual reports to continue to identify where a user can find more information on significant Budget decisions. This responds to interest by Parliament, the Auditor-General and the public in being able to trace funding announced through to what has been delivered and achieved with this funding.

Departments are expected to provide information that sets out their significant initiatives from, at least, the previous three Budgets – Budget 2023, Budget 2022, and Budget 2021. It will be important to acknowledge that these cover funding decisions made by the previous Government. If an initiative has been stopped, scaled, or significantly altered, whether as a result of the new Government or another reason, this should be noted.

Departments should set out where information on these significant initiatives can be found in the annual report. This could be presented in a table (example below) or other format that is

² Information which addresses operations would lead to an account of the department's activities, services, and/or key work programmes, along with an explanation of how they contribute to the department's intentions.

appropriate for the department's stakeholders, including Parliament and the public³. The table, or information presented in another format, should be provided in the department annual report alongside reporting on strategic intentions and operations. This table, or information, is expected to be clearly signposted in the contents page as 'Budget significant initiatives'.

The information presented in the table or other format would not form part of the performance information that is required to be audited. Wherever the information on significant initiatives is presented it should be appropriate and meaningful and in accordance with the guidance set out in this document.

Name of initiative	Budget year funded	Location of performance information	Contextual information
<p><i>Exact title given in the Estimates of Appropriations document in the 'New Policy Initiatives' and 'Current and Past Policy Initiatives' tables.</i></p> <p><i>Where the exact title may not be publicly well-known or may be a component of a wider more well-known area of work, departments might consider adding further clarity as required.</i></p>	<p><i>The Budget through which funding was provided, identifying where initiatives were funded.</i></p> <p><i>Departments are encouraged to provide the amounts allocated to the initiative in each Budget as per the 'Current and Past Policy Initiatives' table.</i></p>	<p><i>Link to where information about progress and results achieved can be found in the annual report and any another publicly available resource.</i></p> <p><i>For example, the initiative might have performance information associated with it in the Estimates which will appear in the annual report's Statement of Performance; or it might form part of a wider strategy or programme of work discussed elsewhere in the annual report.</i></p> <p><i>Departments can also link to separate public reporting where it exists; this would be in addition to providing key information in the annual report.</i></p>	<p><i>Departments should provide contextual information to support traceability indicating where:</i></p> <ul style="list-style-type: none"> <i>- there are other commonly known names for the initiative</i> <i>- multiple initiatives have been funded over a series of Budget years towards the same programme</i> <i>- different components of the same programme have been funded separately within the same Budget</i> <i>- there has been a mixture of baseline funding and new Budget funding put towards the same programme</i> <i>- an initiative has been changed or stopped, for example due to reprioritisation.</i>

Departments can find their full list of initiatives in the 'New Policy Initiatives' table in the Estimates. Departments will need to use their judgment about what initiatives are 'significant' to

³ Appropriate meaning relevant, provides a faithful representation and is understandable.

their agency and their stakeholders. Significant implies selecting the few most important initiatives. Departments should consider:

- What is important to Parliament and the public?
- What is material in the context of the department?
- What is important to the department's priorities and strategic intentions?
- What is important to the delivery of government priorities?

The prompts above should be used to balance how many Budget initiatives to reference. Departments should also consider significant initiatives that received funding outside the Budget process.

If departments have queries or would like any support on reporting significant initiatives, please contact performance.info@treasury.govt.nz.

4.3.1 Good practice examples

The table below provides examples from 2022/23 annual reports. All the examples below met or exceeded expectations set. They all identified their significant initiatives, named what years they received funded in the Budget, and provided clear links to where the user can find performance information. Note these examples do not reflect any judgements on the actual performance of these agencies, or an assessment of their annual report as a whole.

Agency	How they named the section	Where it can be found	Commentary
Ministry for Social Development	Budget significant initiatives	Pages 63-64	The table is easy to follow and is supported by clearly laying out the methodology upfront. The different funding sizes are signalled which helps give a sense of significance. Contextual information was provided for each initiative.
Te Puni Kōkiri	Significant initiatives	Pages 58-59	A short description of each initiative was included. Each initiative was linked to the department's focus areas. This is useful to help a user understand how each initiative fits into the overall work programme.
Ministry of Defence	Significant New Initiatives	Page 92	The table is concise. It links to a clear section earlier in the report with detailed information on each initiative.
Ministry for Business, Innovation & Employment	Budget Significant Initiatives	Page 13	Concise narratives were provided for their five most significant initiatives. MBIE explain their role, where the user can find more information, and included the amount of funding.
Department of Corrections	Significant budget initiatives	Pages 17-18	Initiatives were grouped into programmes. They used clear short titles. They link initiatives to key priority areas to demonstrate fit.

4.4 Ensuring accessibility of reporting

Departments are encouraged to consider how they present and format their annual report to ensure the information is accessible, understandable and useable.

Departments are encouraged to use their websites to present their performance information in a concise, digestible and accessible way (refer to [section 7.10.6](#) for more information on accessibility standards). Further, consideration should also be given to how the annual report document can be made more navigable in digital format.

The table below provides examples from 2021/22 annual reports. What has been identified in the table is not an exhaustive list of ideas. Departments are encouraged to consider how best to present information in light of their key stakeholders. Note these examples do not reflect any judgements on the actual performance of these agencies, or an assessment of their annual report as a whole.

Practice demonstrated	Links to examples
Use of website to present performance information. These agencies have used their website to present key achievements or sections from their annual report in a way that is easier for the user.	Office of the Auditor-General Inland Revenue Ministry for Business, Innovation and Employment The Treasury Outdoor Access Commission Environmental Protection Authority
Providing forewords and summaries of annual report information for users on their website.	Ministry for Culture and Heritage Ministry of Education Public Service Commission
Improving navigation in a PDF document. These agencies have used aids in their annual reports to support users to navigate their way through the document.	Kāinga Ora Ministry for Primary Industries New Zealand Customs Service

Departments should carefully consider the costs of producing their annual report including design, printing and photography. The design and use of visual material should support the user to understand and assess the performance of the department. The design should take into account how users process and use information. The design should consider how easy it is for users to find what they are most interested in. Permission is required from subjects for any photos or images that are used within annual reports.

5 Roles, Responsibilities and Timelines

5.1 Roles and Responsibilities

Statutory requirement: Section 43(1) of the PFA:

- (1) As soon as practicable after the end of each financial year, each department must prepare a report on the operations of the department for that financial year...
- (3) This section does not limit any provision in any other Act that requires the chief executive of a department to provide an annual report, but the chief executive need not provide a separate report under each enactment.

5.1.1 The roles and responsibilities of the Chief Executive

The chief executive is responsible for ensuring their department has complied with the reporting requirements in the PFA and other Acts.

The responsibility for the annual report lies solely with the Chief Executive of the entity. The chief executive signs a statement of responsibility detailing their responsibility for:

- the financial statements, forecast financial statements, statements of expenses and capital expenditure and the judgements used
- the accuracy of the end-of-year performance information on appropriations that has been prepared by their department
- ensuring that the end-of-year performance information on appropriations administered by their department is provided (this includes information in Crown entity annual reports)
- having in place a system of internal control for ensuring the integrity and reliability of the reporting, and
- the information fairly reflects the financial performance of the department.

5.1.1.1 Use of contractors and consultants for producing annual reports

Expectation: Cabinet Office [Circular CO \(23\) 6 Use of External Resources in the Policy Process: Cabinet Paper Requirement](#) sets out that: 'It is expected that, except in limited circumstances, agencies will not engage consultants or contractors to deliver core policy functions including:... reporting to Parliament, including statements of intent and annual reports'.

This Cabinet requirement is supported by the [government procurement rules](#) on the use of contractors and consultants. If agencies are considering engaging a contractor or consultant to produce their annual report, they should follow the guidance in the rules to determine whether their case constitutes a “limited circumstance” under which it could be justified.

To determine if and how the expectation applies to your department see - [Who the Rules apply to | New Zealand Government Procurement](#).

For any questions, you are advised to refer queries on procurement rules to your department's procurement function in the first instance. Alternatively, you can contact procurement@mbie.govt.nz.

5.1.2 The role of the Chief Financial Officer

The Chief Financial Officer is responsible for providing the Chief Executive with the assurance needed to sign the statement of responsibility. The Chief Financial Officer is no longer required to counter-sign the statement of responsibility.

5.1.3 The role of the Minister

The department's responsible Minister⁴ must present a department's annual report to the House of Representatives no later than 15 working days after the audit report is provided. If Parliament is not in session (for example for a General Election), then the Minister must present as soon as possible after the commencement of the next session of Parliament.

Where the reporter on what has been achieved with an appropriation is other than a Minister, the appropriation Minister must ensure that the report on what has been achieved with an appropriation, and the audit report (if applicable), are presented to the House in the document most recently specified for that purpose in the Estimates or Supplementary Estimates.

Where an appropriation Minister is the reporter on what has been achieved with an appropriation, that Minister must ensure that the report on what has been achieved with that appropriation is presented to the House, within 4 months of the end of the financial year, in the document most recently specified for that purpose in the Estimates or Supplementary Estimates.

5.1.4 The role of the auditor

The auditor provides an independent opinion about whether the financial statements, statement of expenses and capital expenditure, and end-of-year performance information on appropriations present a fair reflection of the department's performance. The auditor also considers other information in the annual report for reasonableness and consistency with the audited information (ie, financial statements, statement of expenses and capital expenditure and end-of-year performance information on appropriations). The auditor may also highlight in the audit opinion significant legislative breaches related to the annual report's content.

5.1.5 The role of the Treasury

The Treasury administers the PFA and is responsible for issuing annual reporting guidance. The Treasury does not have a formal role in commenting on the annual report or end-of-year performance information on appropriations before they are published. Departments may still consult their Vote team if they wish.

5.1.6 The role of system or functional leads

The reporting requirements for annual reports are not only set in the PFA but can be based in obligations in other Acts or be from other mandates. Many of these mandates relate to a system

4 Or another Minister where the information is being presented in a document containing other reports or information.

or functional lead. System or functional leads who have set or administer a reporting requirement for annual reports, have a role to provide guidance and advice to agencies on meeting those requirements. This includes providing material for the Treasury's annual report guidance (ie, this document), but should also include other support for departments.

5.1.7 The role of the Office of the Clerk

The Office of the Clerk manages the process for presenting annual reports to the House. The requirements for printing and presenting annual reports, which covers size, number of copies and delivery requirements as outlined on Parliament's website section [Presenting papers to the House of Representatives](#). Questions on the presentation of reports should be directed to the Office of the Clerk.

5.2 Key timeline considerations

Departments should consider the following when planning for year end reporting:

- 1 **Information ready on time:** Ensure that all end-of-year performance information on appropriations to be reported within or attached to the department's annual report will be ready to be audited (if applicable), presented and published within the timeframes applicable to the department's annual report. This may require liaising with Crown entities, their auditors and any other information providers to ensure that all parties are aware of the deadlines and able to meet them.
- 2 **Departmental Chief Executives are able to sign the statement of responsibility:** Ensure that departmental chief executives have the assurance they need at the time of signing the annual report, to attest to the fact that all end-of-year performance information for all appropriations they administer (regardless of where the information will be reported) will be provided in accordance with what has been indicated in the Estimates or Supplementary Estimates.

If a Crown entity is identified in the Estimates or Supplementary Estimates as the end-of-year performance reporter for an appropriation, then the appropriation administrator after the financial year will confirm that the Crown entity will provide performance information in accordance with sections 19A to 19C of the PFA in their annual report.

- 3 **Consultation with auditors:** Departments need to work with their auditors to ensure that the financial statements, statement of expenses and capital expenditure, and end-of-year performance information on appropriations can be audited and it is clear to the user that the information has been audited.
- 4 **Ministers' reports:** Where a department plans to attach a Minister's report on a non-departmental appropriation to their annual report, they need to ensure that:
 - a It is clear that the Minister's report is a separate report to the annual report – ie, it is not a section or an appendix to the annual report but is merely **attached** to the annual report for the purposes of presenting the document to the House. The annual report and the Minister's report need separate shoulder numbers.
 - b It is clear that the performance information contained in the Minister's report has not been audited.

5.3 Timeline for the annual report

This table outlines the key dates that departments need to meet.

Action/event	Deadline date
End of financial year	30 June
Departments provide to the Auditor-General annual financial statements, end-of-year performance information on appropriations, and anything else to be audited	Within two months of the end of the financial year (last date 31 August)
Departments provide a copy of their annual report to the Auditor-General	In a timely manner to enable the Auditor-General to review the report prior to providing the audit report within 3 months after the end of the financial year
Audit provide audit report to departments	Within three months of the end of the financial year (last date 30 September)
Responsible Minister presents annual report to the House of Representatives	Within 15 working days of audit report being provided. If Parliament is not in session, as soon as possible after the commencement of the next session of Parliament
Departments publish annual report	As soon as practicable after presentation to the House. If Parliament is not in session, ⁵ no later than 15 working days after receiving the audit report

5.4 Timeline for end-of-year performance information on appropriations

The Estimates or Supplementary Estimates set out, for each appropriation, where end-of-year performance information will be reported and who will report.

In general, (and this is discussed in more detail below), the timeframe for the completion, audit (where applicable), publication and presentation of end-of-year performance information on appropriations will be either that for a department's annual report or that for a Crown entity's annual report, depending on **who** is doing the reporting and **where** the information is being reported.

5 The reference to Parliament being 'not in session' relates to any period in which Parliament is prorogued or dissolved (the key period here being the dissolution of Parliament prior to a general election).

Departmental Chief Executives are responsible for ensuring that that **all** end-of-year performance information on appropriations their department administers is provided in accordance with sections 19A to 19C of the PFA **regardless of who is responsible for preparing it and the document it is being presented in**. As the deadlines for the provision of information by Crown entities and Ministers falls **after** the date at which the departmental chief executive signs the statement of responsibility, chief executives will need to ensure they receive the assurance that they need prior to signing the statement of responsibility.

Performance Reporter	Deadline for presentation to the House	Deadline for publication
Department/ Specified Agency	Not later than 15 working days after the audit report in respect of the information has been received (section 19A(3)). If Parliament is not in session, the information must be presented as soon as practicable once Parliament commences (section 19A(4)).	As soon as practicable after presentation to the House. If Parliament is not in session within 15 working days of the audit report (section 19A(5)).
Crown entity	Not later than 15 working days after the audit report in respect of the information has been received (section 19A(3)). If Parliament is not in session, the information must be presented as soon as practicable once Parliament commences (section 19A(4)).	As soon as practicable after presentation to the House. If Parliament is not in session within 15 working days of the audit report (section 19A(5)).
Appropriation Minister	Within four months after end of the financial year (section 19B(2)). If Parliament is not in session, the information must be presented as soon as practicable once Parliament commences (section 19B(3)).	As soon as practicable after presentation to the House. If Parliament is not in session within four months of the end of the financial year (section 19B(4)).

6 Scope and coverage

6.1 Organisational coverage

The annual report for a department must include the activities of any bodies, statutory offices, advisory committees and anything else covered by the definition of “department” in section 33 of the PFA, whether or not they are directly accountable to the chief executive.

6.1.1 Departmental annual reports and financial statements in relation to specified agencies

Statutory requirement: Section 43 of the PFA:

- (1A) The annual report is not required to cover operations—
- (a) of any specified agency for which the department is a host or relevant department; and
 - (b) on which the specified agency is required to report under this Part.

Departments are not required to include an assessment of any applicable specified agencies’ operations in their annual report as specified agencies are required to report on their own operations, organisational health and progress against strategic intentions.

The financial statements of specified agencies may be consolidated into the financial statements of the host department. The starting point is that the annual reports of specified agencies will include financial statements. The Minister of Finance may grant a waiver from the requirement to include financial statements in the specified agencies annual report (section 45AB of the PFA). The financial statements are then presented with the financial statements for the host department.

The Treasury has published on its [website](#) PFA guidance for specified agencies. [Annex 5](#) sets out the annual reporting requirements for specified agencies.

6.1.2 Crown entities and other separate legal agencies

Crown entities (and other separate legal entities) have their own annual reporting obligations. In general, a department’s annual report should not duplicate the information reported to Parliament by the Crown entities or other separate legal entities for which the department has monitoring responsibilities. There may be exceptions to this, such as in the case of an MCA used primarily by a Crown entity, but where the appropriation administrator is required to report the performance information.

6.1.3 Contribution to wider objectives and strategies

Nonetheless, as part of explaining a department’s functions, objectives, strategies, and operational performance, it can be particularly useful to include information in the annual report about the relevant Ministerial portfolio, sector, and the nature of the department’s relationships with other entities contributing to the same objectives.

Where a department supports its Minister by monitoring the performance of a Crown entity or entities, or funding arrangements with NGOs or other bodies, the department’s monitoring activities should be covered in the annual report.

6.2 Period covered

The annual report covers the operations of the department during the preceding financial year from 1 July to 30 June. Departments are required to include forecast financial statements, for the year immediately after the year the annual report relates to (sections 45(3) and 45BA of the PFA).

There are occasions when the annual report may cover a longer or shorter period, such as when a new department is established within 4 months before the end of a financial year, or when a department is disestablished during a financial year. The reporting obligations and options for departments that have been created or disestablished during the financial year are discussed further in [Annex 3](#).

6.2.1 Comparative information for appropriation reporting

Departments in reporting against appropriations will have experience providing results for the previous financial year along with the Budget standard stated in the Estimates or the Supplementary Estimates. This is now reinforced by PBE FRS 48 that requires comparative information, see [section 9.2.1.1](#) for further guidance.

6.2.2 Comparative information for reporting strategic intentions progress

Departments are encouraged to include comparative (trend) information from earlier years to give a fuller picture of long-term progress when reporting against progress on strategic intentions.

7 Annual Report Content – PFA Requirements

7.1 Structure, format and style

The PFA specifies the information that departments must provide in their annual report, but not the form in which it must be provided. The structure of the annual report is the responsibility of each department, as the document needs to reflect the nature and complexity of each department's particular functions.

While there is no prescribed format for the annual report in the legislation, it is sensible that:

- the annual report reflects the framework of the strategic intentions, and
- the information is set out in a way that is clear, accessible, concise, relevant, and focused on meeting the needs of Members of Parliament and the public.
- including a glossary and/or defining specialised terms and acronyms is also useful.

7.1.1 Plain Language Act 2022

The information in annual reports should be presented in 'plain language' wherever appropriate. It is likely that documents containing information on a departments' operations, performance and strategic intentions will be "relevant documents" for the purposes of the Plain Language Act 2022. This requires the department to take reasonable steps to ensure the use of plain language. Plain language is defined in section 5 of the Act to mean language that is appropriate to the intended audience and is clear, concise, and well organised.

Even where a department may consider the Plain Language Act 2022 does not apply, it is good practice to observe principles of plain language where appropriate – without changing the meaning of technical wording where such wording is necessary.

7.1.2 Presenting reports in the same document

Departments can present and publish their annual report in a single document containing any other report or information with those of other departments or Crown entities. This flexibility allows departments to present users with a more complete picture of performance where multiple entities work towards the same outcomes. It also allows annual reports to be presented in the same document as strategic intentions. When utilising this flexibility, departments must ensure that all reports are separately identifiable within the overall document.

7.2 General content of a departmental annual report

Statutory requirement: Section 45 of the PFA

- (1) The annual report of a department must provide the information that is necessary to enable an informed assessment to be made of the department's performance during the financial year, including how well the department is managing the resources it controls.
- (2) The annual report of a department must contain the following information in respect of the financial year to which it relates:
 - (a) an assessment of the department's **operations** (excluding operations on which any specified agency hosted by the department is required to report under this Part); and
 - (b) an assessment of the department's progress in relation to **its strategic intentions**, and
 - (c) information about the department's management of its **organisational health and capability**; and
 - (d) **statements of expenses and capital expenditure** for the department that comply with section 45A; and
 - (e) **annual financial statements** for the department that comply with section 45B; and
 - (f) **a statement of responsibility** that complies with section 45C; and
 - (g) **any other matters** that relate to or affect the department's operations that the department is required, has undertaken, or wishes to report on in its annual report.
- (3) The annual report of a department must also contain, in respect of the financial year after the financial year to which the annual report relates, **forecast financial statements for the department** that comply with section 45BA.
- (4) The annual report of a department must identify any specified agency which the department is a host or relevant department.

Each of the areas in the box above is covered in more detail in the rest of this section.

The annual report will be more effective when users can see the links between the content provided.

7.3 Reporting on operations, progress against strategic intentions and organisational health

The annual report of a department must include an assessment of the department's progress against its strategic intentions. This assessment must report against performance indicators included in the strategic intentions.

7.4 Statements of expenses and capital expenditure

Statutory requirement: Section 45A of the PFA

A department's annual report must include—

- (a) a statement of the budgeted and actual expenses and capital expenditure incurred against—
 - (i) each appropriation administered by the department; and
 - (ii) each category of expenses or non-departmental capital expenditure included in a multi-category appropriation administered by the department; and
- (b) for each appropriation administered by the department, details of the document in which the end-of-year performance information for the appropriation for the previous financial year (if required) is presented to the House of Representatives; and
- (c) a statement of expenses and capital expenditure incurred without appropriation or other authority, or in excess of an existing appropriation or other authority, in relation to the activities of, or appropriations administered by, the department, together with an explanation of the reasons for the unappropriated expenses and capital expenditure; and
- (d) a statement of the amount of any capital injection authorised, under an Appropriation Act, to be made to the department compared with the actual amount of any capital injection made to the department; and
- (e) a statement of any capital injection made to the department without authority, or in excess of an existing authority, under an Appropriation Act, together with an explanation of the reasons for the unauthorised capital injection.

These statements are separate from a department's annual financial statements and replaced the statement of appropriations and statement of unappropriated expenditure which were part of a department's annual financial statements. The statement of budgeted and actual expenses and capital expenditure must provide, for each appropriation administered by the department, the details of the document in which the end-of-year performance information for each appropriation is found.

Where expenses in the statement differ to those reported in the statement of comprehensive revenue and expenses, a reconciliation should be provided. For example, this may arise where there is a re-measurement (a foreign exchange loss) that did not need a departmental appropriation.

The PFA requires departments to report actual expenses and capital expenditure against each individual appropriation administered by the department. This includes expenditure authorised by permanent legislative authority (PLA), such as departmental capital expenditure (authorised by section 24(1) of the PFA), and most borrowing expenses. Expenditure under PLAs should be separately disclosed. This requirement also relates to each category of a multi category appropriation.

When providing appropriation budgets for comparison, the department should include the appropriation figures from the last **Supplementary Estimates**, updated for any transfers between output expense appropriations made by Order in Council under section 26A of the PFA.

Where a Crown entity (or other agency type such as a specified agency, schedule 4 organisation or scheduled 4A company) is identified as providing end-of-year performance

information on an appropriation, the Crown entity and the appropriation administrator need to confirm the amount of expenditure to ensure that the amount is the same in the Crown entity annual report as the amount in the statement of expenses and capital expenditure.

7.4.1 Unappropriated expenses or capital expenditure

The statement should also identify all instances of unappropriated expenses or capital expenditure, the appropriation type, the Minister responsible for the expenditure, and the Vote to which it relates.

The explanation in the annual report should outline the nature and reason for, the unappropriated expenses or capital expenditure, including why it was not addressed in the Supplementary Estimates. It should include information about whether the unappropriated expenditure was approved under section 26B of the PFA or requires validation under section 26C and, if the latter, whether prior approval to the expenditure was obtained either under Imprest Supply or under other authority.

7.5 Annual financial statements

7.5.1 Statements required by GAAP

Statutory requirement: Section 45B(1) of the PFA

A department's annual financial statements must be prepared in accordance with generally accepted accounting practice.

The annual financial statements required under the PFA must be prepared in accordance with generally accepted accounting practice (GAAP), which is a defined term in the PFA. This will typically require a department to report:

- a statement of comprehensive revenue and expense, either:
 - (i) in a single statement, with the surplus/deficit section presented first followed by the other comprehensive revenue and expense section, or
 - (ii) in two statements: a statement of financial performance displaying the components of surplus/deficit and then a statement of comprehensive revenue and expense beginning with surplus/deficit and then displaying components of other comprehensive revenue and expense
- a statement of financial position
- a statement of changes in taxpayers' funds
- a statement of cash flows
- a reconciliation of net cash flows from operating activities to the net surplus/(deficit) in the statement of comprehensive revenue and expense, and
- notes, comprising a summary of significant accounting policies and other explanatory information.

GAAP for departments now requires compliance with Public Sector PBE Accounting Standards as applicable to each department. Refer to the XRB website⁶ or [Treasury's guidance](#) for more information about the standards and Chapter 4 of the [Treasury Instructions Accounting and forecasting policy parameters for departmental external financial reporting](#).

Departments should also refer to the Public Sector PBE Accounting Standards compliant model financial statements prepared by Audit New Zealand when preparing financial statements. The [model financial statements](#) should be used for guidance about information that should be disclosed.

7.5.2 Regulations and Treasury instructions

Statutory requirement: Section 81(1) of the PFA

The Governor-General may from time to time ... make regulations for all or any of the following purposes:

- (b) prescribing particular accounting policies and financial statement representations that Ministers, departments, Offices of Parliament, Crown entities, Schedule 4 organisations, or Schedule 4A companies must apply in their financial reporting:

and Statutory requirement: Section 80(1) of the PFA –

- (1) The Treasury may issue instructions to departments for all or any of the purposes specified in section 81(1)...(b) ...
- (2) A chief executive of a department must comply with any instructions issued under this section to the extent that the instructions apply to that department.

In addition to the statements required by GAAP, the annual report must include any other financial statements or disclosures required by any regulations made, or instructions issued, under the PFA. At 30 June 2024 no such regulations existed, but [Treasury Instructions](#) do impose some additional financial reporting obligations on departments. Treasury Instructions include principles for the development of departmental accounting policies and accounting policy parameters for external financial reporting as well as additional departmental financial statements to include:

- a statement of commitments
- a statement of contingent liabilities and contingent assets, and
- a statement of cost accounting policies.

6 The XRB's [website](#) provides an overview of the XRB's Accounting Standards Framework.

The [Accounting standards](#) of particular relevance include Tier 1 - for entities with public accountability or with total expenses above \$33 million.

7.5.3 Non-departmental activity

Treasury Instructions also require departments to disclose non-departmental activities they administer on behalf of the Crown in the form of schedules (see section 6.2.1.2 of the [Treasury Instructions](#)). Departments may have up to six separate sets of schedules for assets, liabilities, revenues, expenses, contingencies and commitments (if these are not fully disclosed in the end-of-year performance information on appropriations).

As these schedules are not financial statements for the purposes of the PFA, departments are not required to provide forecast results for the following financial year. If a department wishes to include forecast results for non-departmental activity, they need to follow the guidance set out below in [section 7.6](#).

Departments must also provide a statement of the accounting policies used in preparing the schedules. Although not required, it is good practice for departments to provide a statement of trust monies for any trusts they have been appointed to manage. Refer to Audit New Zealand's [model financial statements](#) for departments.

7.5.4 Financial statement comparisons

GAAP requires departments to include comparative figures from the prior period for all items in the financial statements.

GAAP also requires where an entity has previously published forecast financial statements for the period of the financial statements, the entity must present those forecast financial statements as a comparison with the historical financial statements being reported.

GAAP does not specify whether the comparison should be the forecast information originally published before the start of the relevant financial year, the most recently published forecast information, or both.

Statutory requirement: Section 45B of the PFA

- (2) In addition to the financial statements required by generally accepted accounting practice, a department's annual financial statements must include—...
 - (b) the forecast financial statements prepared at the start of the financial year, for comparison with the actual financial statements.

However, the PFA section 45B(2) is clear that the comparison should be the originally published forecast before the start of the historical financial statements being reported.

This means for the annual financial statements for the year ended 30 June 2024, the forecast comparison should be taken from the best estimate forecasts for 2023/24 prepared in support of the Budget and Economic and Fiscal Update 2023, published as part of the Budget in May 2023 before the 2023/24 financial year commenced. This should be the department's best estimate forecasts prepared to support the Estimates of Appropriations, rather than the appropriation (upper limit) numbers (where these are different).

GAAP requires an explanation for major variances to be disclosed in the Annual Report.

The PFA does not require the updated 2023/24 forecast that supports the Supplementary Estimates of Appropriations as a comparison because this is a revised forecast after the

financial year started. While publishing this additional forecast as a comparison is optional, departments should consider the usefulness and relevance of it in addition to the originally published forecast.

7.5.5 Related party disclosures

The Treasury runs a central process to collect Ministers' related party transactions which may be disclosed under [NZ PBE IPSAS 20: Related Party Disclosures](#). The Treasury will ask Ministers to complete a Ministerial Certificate about transactions which may have to be disclosed as related party transactions in the department's financial statements.

The Treasury will advise departments by 31 July each year of any related party transactions for the year.

In addition to Ministerial disclosures, departments need to identify transactions with government related entities (entities that are controlled, jointly controlled, or significantly influenced by the Crown) that are required to be disclosed in their individual annual reports.

7.5.6 Memorandum accounts

Mandatory (regulation): [Treasury Instructions in section \(6.3.7\)](#) state that:

Except where prior approval for alternative arrangements has been obtained from the Treasury, departments must use memorandum accounts to record the accumulated balance of surpluses and deficits incurred in the provision of third-party fully cost-recovered outputs.

Memorandum accounts must be presented in the information supporting the Estimates of Appropriations and annual reports. This disclosure should include a summary of movements in each memorandum account, opening and closing accumulated balances and comparative information.

Memorandum accounts are required in annual reports to provide information to fee-payers. They record the accumulated balance of surpluses and deficits incurred in the provision of third-party fully cost-recovered outputs to ensure transparency about the recovery of fees, and to ensure that fees are appropriate in the longer-term.

7.5.7 Other financial information

Statutory requirement: Section 45B(2)(a) of the PFA

A department's annual financial statements must include any other information or explanations needed to fairly reflect the department's financial operations and financial position.

This may include more specific disclosures like explanations of significant variances from forecast or a breakdown of consultant costs.

7.6 Forecast financial statements

Statutory requirement: Section 45 of the PFA

- (3) The annual report of a department must also contain, in respect of the financial year after the financial year to which the annual report relates, forecast financial statements for the department that comply with section 45BA.

Section 45BA of the PFA

- (1) A department's forecast financial statements must be prepared in accordance with generally accepted accounting practice.
- (2) In addition to what is required by generally accepted accounting practice, a department's forecast financial statements must include—
 - (a) a statement of all significant assumptions underlying the forecast financial statements; and
 - (b) any other information or explanations needed to fairly reflect the forecast financial operations and financial position of the department.

Section 45(3) of the PFA requires the annual report of a government department to include forecast financial statements for the next financial year. For example, in the annual report for the year ended 30 June 2024, the forecast financial statements for the year ended 30 June 2025 should be disclosed.

[PBE FRS 42 *Prospective Financial Statements*](#) is the reporting standard under GAAP that departments must apply when presenting forecast financial statements. PBE FRS 42 requires that an entity use the best information that could reasonably be expected to be available in determining the assumptions and other information used in the preparation of forecast financial statements. It also requires that the forecast financial statements be understandable, relevant, faithfully representative and comparable and that the information in the prospective financial statements be reasonable and supportable.

The next year's forecast should be the one originally published before the start of the year to which the forecast relates. For example, for the Annual Report for the year ended 30 June 2024, the best estimate forecast for 2024/25 should be taken from the Budget and Economic and Fiscal Update (BEFU) 2024, published as part of the Budget in May 2024 before the financial year of 2024/25 commenced. This should be the government department's best estimate forecasts prepared to support the Main Estimates of Appropriations, rather than the appropriation (upper limit) numbers (where these are different).

7.6.1 Presentation of the forecast financial statements

The forecast financial statements required under Section 45(3) of the PFA could be presented in two different ways:

- The forecast financial statements and associated information are integrated into the historical financial statements as an additional column, or
- The forecast financial statements and associated information are presented in a separate section in the annual report that is outside the historical financial statements.

It is for departments to determine how to best present the forecast financial statements and supporting information in their annual report. This is subject to the following caveats:

- the presentation must not be misleading
- regardless of location, the forecast must be clearly identified as being unaudited
- if departments, choose to present their forecasts within their financial statements as an additional column they must include a footnote stating the numbers are not audited and are encouraged to include “unaudited” in the column heading.

The date the forecast financial statements are “authorised for issue” is the date the statement of responsibility to the Treasury on the forecast financial statements was signed (or a later date if any late changes were made to the final numbers used for BEFU). The “authorised for issue” date is synonymous with the date the statements were “prepared” under PBE FRS 42. PBE FRS 42 requires this date to be disclosed, which is different from the date the annual financial statements themselves are authorised for issue.

Departments must include in the annual report any other information or explanations needed to fairly reflect the forecast financial operations and financial position of the department (consistent with section 45BA(2)(b) and other disclosures required by PBE FRS 42, for example, that post-BEFU accounting adjustments to the actual balances as at 30 June 2024 (eg, year-end revaluations) have not been incorporated into these forecasts. These disclosures are likely to be met through either:

- explaining significant events/changes (eg, a narrative of significant year-end adjustments/ significant accounting policy changes/major changes in approved funding/major changes in planned level of activity) that have a material impact on the BEFU forecast, or
- stating there are no significant changes that have a material impact on the BEFU forecast.

Departments are encouraged to focus on the needs of uses (eg, select committees). These needs are likely to be met by high level explanations of significant impacts since BEFU, rather than providing a further set of forecasts in addition to those for BEFU.

The legislative requirement for forecast financial statements applies only to departmental financial statements (and not non-departmental activity or non-financial performance reporting). If departments choose to include forecasts for non-departmental activity or non-financial performance, they should similarly consider the points above. For example, it must be clear when these forecast financial statements were authorised for issue, the basis for their preparation, that they are unaudited and any significant events/changes since BEFU that materially impact on these forecasts should be explained.

7.7 Statement of responsibility

Statutory requirement: Section 45C of the PFA

- (1) A statement of responsibility relating to the annual report of a department must include—
 - (aaa) a statement that, in the opinion of the department's chief executive, the annual report fairly reflects the operations, progress, and organisational health and capability of the department; and
 - (a) a statement of the responsibility of the department's chief executive for the preparation of the financial statements, and statements of expenses and capital expenditure, and for the judgements expressed in them; and
 - (b) a statement of the responsibility of the department's chief executive for having in place a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting; and
 - (c) a statement of the responsibility of the department's chief executive for ensuring that end-of-year performance information on each appropriation administered by the department is provided in accordance with sections 19A to 19C, whether or not that information is included in the annual report; and
 - (d) a statement of the responsibility of the department's chief executive for the accuracy of any end-of-year performance information prepared by the department (see section 19A), whether or not that information is included in the annual report; and
 - (e) a statement that, in the opinion of the department's chief executive,—
 - (i) the financial statements fairly reflect the financial position and operations of the department for the reporting period; and
 - (ii) the forecast financial statements fairly reflect the forecast financial position and operations of the department for the financial year to which the forecast financial statements relate.
- (3) The statement of responsibility must be signed and dated by the chief executive.

The statement of responsibility accompanies the annual financial statements. It is an explicit and detailed statement of the chief executive's responsibility for information in the annual report. It also acknowledges the responsibility of the chief executive for the completeness and accuracy of performance information for appropriations administered by the department, even when that information is reported outside of the annual report.

7.8 Other matters

Statutory requirement: Section 45(2)(g) of the PFA

The annual report of a department must contain ... in respect of the financial year to which it relates ... any other matters that relate to or affect the department's operations that the department is required, has undertaken, or wishes to report on in its annual report.

Departments sometimes make voluntary commitments to the government or other stakeholders to provide specific information in their annual report. Some departments, for example, are committed to reporting on a triple bottom-line basis.

In addition, a department may have further specific reporting obligations imposed by other legislation or government requirements. Refer to [section 8](#).

7.9 Audit report and process

The Auditor-General, or their appointed auditor, is required to provide an audit report for inclusion in the department's annual report. The auditor will send a copy of their report to be included in the department's annual report.

7.9.1 Audit process

Statutory requirement: Section 45D of the PFA

- (1) A department must forward to the Auditor-General:
 - (a) its annual financial statements, statements of expenses and capital expenditure, and any other information that the Auditor-General has agreed, or is required, to audit within 2 months after the end of each financial year, and
 - (b) if required to forward statements or any other information under paragraph (a) its annual report in a timely manner to enable the Auditor-General to review that report before providing the audit report required under subsection (2)(b).
- (1A) The department or functional chief executive most recently identified in the supporting information for an Appropriation Act as providing end-of-year performance information on an appropriation for a financial year must, within 2 months after the end of that financial year, forward to the Auditor-General.
 - (a) the end-of-year performance information, and
 - (b) the document in which that information will be presented to the House of Representatives and published (if not already provided).
- (2) The Auditor-General must:
 - (a) audit the statements referred to in subsection (1)(a) and the information referred to in subsections (1)(a) and (1A), and
 - (b) provide an audit report on them to the department or functional chief executive (as the case may be) within 3 months after the end of each financial year.

A department must provide the Auditor-General (or the appointed auditor) the information noted above as being subject to audit no later than 31 August each year.

The auditor must then audit those statements and information and provide an audit report on them by 30 September each year for inclusion in the annual report. The other information in the

annual report provides valuable contextual information that assists the auditor in providing assurance over the information that is subject to audit.

Forecast financial statements and forecast non-financial information are not subject to audit.

The auditor forms an opinion about whether the financial statements, statements of expenses and capital expenditure, end-of-year performance information on appropriations and specified supplementary schedules comply with GAAP and presents fairly:

- the financial position of the reporting entity as at the balance date
- the reporting entity's financial performance and cash flows for the year ended on that date
- what has been achieved with the appropriations
- the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure
- assets, liabilities, commitments, and contingent liabilities and assets for non-departmental activities which are managed by the department on behalf of the Crown as at the balance date
- expenses and revenue for non-departmental activities which are managed by the department on behalf of the Crown for the year ended on that date
- the Statement of Trust monies for the year ended on that date.

The auditor also forms a view of whether the statements of expenses and capital expenditure of the department are presented fairly and in accordance with the requirements of section 45A of the PFA.

The auditor plans and performs the audit to obtain reasonable assurance that the audited information does not contain material misstatements, whether caused by fraud or error. The auditor also forms an opinion about whether the department has complied with its legislative reporting requirements.⁷

The Auditor-General has issued an audit standard (AG-4 Audit of Performance Reports) which requires the auditor to attest to whether the end-of-year performance information on appropriations:

- complies with GAAP in New Zealand, and
- fairly reflects the public entity's service performance for the year.

Ministers' reports are **not audited**. However, if a department attaches a Minister's report to its annual report or another document containing audited information, the auditor is required to review the attached material as part of their audit process.

7 In accordance with the Auditor-General's auditing standards [AG ISA \(NZ\) 250: Consideration of Laws and Regulations](#) and [AG-2: The Appropriation Audit and the Controller Function](#).

7.9.2 Non-audited information

Not all the information provided in the annual report requires an audit opinion, but the auditor will comment if the department has not met the legislative requirements⁸, or if the information provided elsewhere in the report is not consistent with the audited financial statements, statements of expenses and capital expenditure and end-of-year performance information on appropriations.⁹

7.10 Presenting and publishing

7.10.1 Publication and copyright requirements

Cabinet requirement: In [CAB Min \(10\) 24/5A](#) Cabinet has:

- directed all Public Service departments, the New Zealand Police, the New Zealand Defence Force, the Parliamentary Counsel Office, and the New Zealand Security Intelligence Service
- strongly encouraged other State Services agencies (other than school boards of trustees), and
- invited school boards of trustees

to:

- familiarise themselves with NZGOAL, in its current form and as may be updated from time to time, and
- take NZGOAL into account when releasing copyright material and non-copyright material to the public for re-use.

Departments must place a copyright statement on their annual reports and are encouraged to insert a licence setting out the terms by which this copyright work can be re-used. Departments should refer to the [New Zealand Government Open Access and Licensing framework](#) (NZ GOAL) which is government guidance approved by Cabinet ([CAB Min \(10\) 24/5A](#) refers) for agencies to follow when releasing copyright works and non-copyright material for re-use by others.

NZGOAL seeks to standardise the licensing of government copyright works for re-use using Creative Commons New Zealand law licences and recommends the use of 'no-known rights' statements for non-copyright material. Creative Commons licences are freely available copyright licences that enable the sharing of copyright works for re-use in a standardised way and in forms that are human, machine and lawyer readable.

Departments can contact opendata@stats.govt.nz for further information.

8 In accordance with the Auditor-General's auditing standards [AG ISA \(NZ\) 250](#): Consideration of Laws and Regulations and [AG-2](#): The Appropriation Audit and the Controller Function.

9 In accordance with the External Reporting Board Auditing Standard [ISA \(NZ\) 720](#): The Auditor's Responsibility in Relation to Other Information in Documents Containing Audited Financial Statements.

7.10.2 International standard serial numbers (ISSN)

An ISSN is a worldwide identification code for serial publications. There is no requirement for annual reports to have International Standard Serial Numbers (ISSN). If a department does not have an ISSN for their annual report, they are not required to obtain one.

If a department has an ISSN for its annual report, and wishes to continue to use this, it may do so. The ISSN for the annual report does not change between years. Where departments have already been assigned an ISSN number, this should be printed on the cover in the bottom left-hand corner. Departments that do not have an ISSN number for their annual report but wish to do so (there are a number of benefits to having an ISSN in terms of referencing and research), may obtain a number from the National Library of New Zealand within the Department of Internal Affairs.

7.10.3 Providing the annual report to the Minister

Statutory requirement: Section 43 of the PFA:

- (2) Not later than 15 working days after the specified date, the department must provide the annual report and the audit report (if any)—
 - (a) to its responsible Minister; and
 - (b) if the department is a departmental agency, to the responsible Minister for the departmental agency's host department.

Departments have 15 working days from the time the audit report is provided to finalise and print their annual report as well as provide it to their responsible Minister so that the Minister can present it to the House.

7.10.4 Presenting the annual report to the House

Statutory requirement: Section 44(1)-(3) of the PFA

- (1) The responsible Minister of a department must present the annual report of the department, and any applicable audit report, to the House of Representatives –
- (2) The responsible Minister (or the Minister referred to in subsection (3)(b) if applicable) must comply with subsection (1) –
 - (a) not later than 15 working days after the audit date; or
 - (b) if Parliament is not in session, as soon as possible after the commencement of the next session of Parliament.
- (3) A Minister other than the responsible Minister may present an annual report and audit report (if any) to the House of Representatives if —
 - (a) those reports are presented in a document that includes another report or other information (see subsection (5)); and
 - (b) that other Minister is responsible for presenting that other report or information.

Responsible Ministers¹⁰ must present the annual report in the House **no later than 15 working days** from the time the audit report is signed unless the House is not in session, as occurs for a General Election. Reports may be presented to the House on any working day, whether or not the House is sitting at the time. The only time when papers cannot be presented is between 25 December in any year and 15 January in the following year (inclusive) and if the House is not in session.¹¹ If the House is not in session Ministers are required to present annual reports as soon as possible after the start of the next session.

A department can present and publish its annual report in a document that includes any other report or information whether or not that other report or information relates to the department. This provides flexibility to present annual reports with other accountability documents such as the strategic intentions or other annual reports for their sector. When using this flexibility, departments must ensure that each report or set of information is **separately identifiable** (section 44(5) of the PFA) – both within the document and on the cover.

Once annual reports have been presented to the House, they are treated as Parliamentary papers and ordered to be published by the House. Hence they must conform to the requirements of the Office of the Clerk for Parliamentary papers outlined in information on [Parliament's website](#). The information covers requirements such as the size, number of copies and delivery requirements for papers presented to the House.

7.10.5 Publishing the annual report

Statutory requirement: Section 44(4) of the PFA

- (4) A department must publish its annual report and any applicable audit report –
 - (a) as soon as practicable after the annual report has been presented to the House of Representatives, but, if subsection 2(b) applies, not later than 15 working days after the specified date; and
 - (b) in accordance with the manner (if any) –
 - (i) prescribed by regulations made under this Act; or
 - (ii) specified in instructions issued by the Minister under section 80A.

Departments must publish their annual report as soon as practicable after it has been presented to the House.

The PFA factors in that the House may not be session for example for a General Election. If the House is not in session the department must published the annual report within 15 working days of receiving the audit report (PFA section 44(4)(a)).

The PFA allows the Minister of Finance to specify minimum requirements (section 80A(3) and section 81(1)(ac) of the PFA) for the publication of annual reports, but this power has not been exercised to date.

10 Or another Minister where the department is presenting their Annual Report in another document and another Minister is responsible for presenting that document (section 44(3) of the PFA).

11 The reference to Parliament being 'not in session' relates to any period in which Parliament is prorogued or dissolved (the key period here being the dissolution of Parliament prior to a general election).

7.10.6 Electronic and other copies

The version of the annual report that is published by a department must be the version that is presented to the House. Staff who are most likely to respond to public enquiries should be aware of the annual report, and the expectation that the annual report is made available for the public. Departments also need to ensure that they have sufficient printed copies to meet expected demand (where soft copies are not appropriate).

The auditors will insert a disclaimer into the audit reports for reports published electronically. The current Strategic Intentions and previous versions of those documents and annual reports should also be available so that a user can see the performance story over the longer term.

Cabinet requirement: Cabinet minute [CAB Min \(03\) 41/2B](#) directs in paragraph 3 that:

'All Public Service Departments, the New Zealand Police, the New Zealand Defence Force, the Parliamentary Counsel Office, and the New Zealand Security Intelligence Service to implement the guidelines as follows:

- 3.1 all new or revised content produced for existing non-Guideline compliant websites after 1 April 2004 should comply with the Guidelines as closely as possible;
- 3.2 existing websites should become compliant with Version 2.1 of the guidelines on the next occasion of a complete website redevelopment occurring before 1 January 2006;
- 3.3 all websites must comply with at least version 2.1 of the guidelines by 1 January 2006;
- 3.4 all websites must comply with subsequent versions of the Guidelines produced after 1 January 2006 subject to the revision and version control practices outlined in paragraph 6'

Departments are required to comply with [New Zealand Government Web Standards](#), following Cabinet direction. [Web Accessibility Standard 1.1](#) came into effective on 1 July 2019. As a part of the Web Accessibility Standard, departments must meet Web Content Accessibility Guidelines (WCAG) 2.1 at level AA. For departments to meet WCAG the general requirement is that public documents required by statute (including annual reports), published in PDF or Word files, must be accompanied by an accessible alternative. PDF and Word files are not fully accessible on many platforms, including accessibility supported technologies. Departments are advised that html is an appropriate alternative.

7.10.7 Errors identified following publication and presentation to the House

Departments should contact their auditors if they identify an error following presentation and publication. Auditors can support the department to determine what action is required.

Accounting standards relevant to errors are:

- For the financial statements: [PBE IPSAS 3 Accounting Policies, Changes In Accounting Estimates And Errors](#), see paragraphs 46 – 54.
- For service performance information: [PBE FRS 48](#), see paragraph 43.

The Office of the Clerk provides instructions for [producing an erratum](#) for errors in papers presented to the House. Departments should also publish the erratum on their website alongside their annual report.

8 Annual Report Content – Other Requirements

8.1 Equal employment opportunities

Statutory requirement: Section 73(1) of the Public Service Act 2020

A chief executive of a Department and a board of an interdepartmental venture must –

- (a) operate an employment policy that complies with the principle of being a good employer; and ...
- (c) ensure its compliance with that policy (including its equal employment opportunities programme) and report in its annual report on the extent of its compliance.

Under Section 74 of the Public Service Act 2020,

- (2) In this section and section 73, **equal employment opportunities programme** means a programme that is aimed at identifying and eliminating all aspects of policies, procedures, and other institutional barriers that cause or perpetuate, or tend to cause or perpetuate, inequality with respect to the employment of a person or group of persons.

Public service departments are required in their annual report to report on their compliance with their personnel policy (including their equal employment opportunities programme).

The requirements in the Public Service Act 2020 continue equivalent requirements from the State Sector Act 1988.

Departments should contact Te Kawa Mataaho Public Service Commission if they have any questions about their EEO responsibilities.

8.2 Delegation of functions or powers under the Public Service Act 2020

Statutory requirement: Schedule 6 of the Public Service Act 2020

- 2(5) A chief executive may also **delegate a clearly identified function or power to a person outside the public service**, but only after—
- (a) obtaining the appropriate Minister’s prior approval; and
 - (b) being satisfied that any potential conflicts of interest will be avoided or managed...
- 2(8) A delegation described in subclause (5) must be noted, with a description of an assessment of how effectively the delegated function or power was performed or exercised, —
- (a) if it was made by the chief executive of a department, in the annual report of that department; or
 - (b) if it was made by the chief executive of a departmental agency, in the annual report of that departmental agency; or
 - (c) if it was made by a functional chief executive, in the annual report of the host department.

Chief executives of departments and departmental agencies, and functional chief executives can delegate functions or powers, under the Public Service Act 2020 or another Act, to a person outside the public service. Where functions or powers have been delegated, a description of the effectiveness of that delegation must be made in the appropriate annual report.

Departments should contact Te Kawa Mataaho Public Service Commission if they have any questions.

8.3 Legislative requirements on some departments

Some departments are required by legislation to include additional content in their annual report. Departments need to be aware of these reporting obligations, including in legislation they administer.

An example of an annual reporting requirement is found in section 101 of the Policing Act 2008 that states the annual report for the Police:

- must include an account of the performance of the Police and its operations during the period under review,
- must include any information required under any other enactment, and
- may include any other matters affecting the Police or policing that the Commissioner thinks fit.

8.4 Asset performance indicators for service critical assets

Cabinet requirement: CO (23) 9 [Investment Management and Asset Performance in Departments and Other Entities](#)

Paragraph 36: Agencies¹² must report on relevant asset performance indicators for service critical assets in their annual reports.

8.4.1 Context

CO (23) 9 specifies that:

'Agencies must identify their service critical assets and maintain details of the identity, condition, and risk exposure of these assets in the agency's asset register' (paragraph 34).

'Agencies must capture relevant indicators of past and projected asset performance (for example, asset utilisation, condition, and fitness-for-purpose) for service critical assets. Agencies must use these indicators in internal management and decision-making processes' (paragraph 35).

'Agencies must report on relevant asset performance indicators for service critical assets in their annual reports' (paragraph 36).

Assets are defined in CO (23) 9 as:

'a resource presently controlled by the entity as a result of a past event.

- *An asset may be owned or controlled as a contracted service resulting from an investment.*
- *An investment is an example of a past event that leads to recognition of an asset.'*

Further, departments are encouraged to consider the definition of an investment on page 15 of CO (23) 9 for further guidance on what should be considered as an asset.

Service critical assets are defined in CO (23) 9 as:

'an asset which, if damaged or destroyed, is likely to have a significantly adverse impact on the delivery of the agency's services'.

8.4.2 Indicator selection

The indicators should be an appropriate and meaningful selection of quantitative measures, qualitative measures, and qualitative descriptions.¹³ The expectation is that departments should

12 CO (23) 9 uses the definition of department in the PFA which includes departments (as defined in section 5 of the Public Service Act 2020), departmental agencies, interdepartmental executive boards, interdepartmental ventures, the New Zealand Defence Force, the New Zealand Police, the Parliamentary Counsel Office, the Office of the Clerk, and the Parliamentary Service.

13 For definitions of these measure types see [PBE FRS 48 Service Performance Reporting](#), paragraph 20, page 9.

already have identified their service critical assets and be capturing relevant indicators of past and projected asset performance.

When identifying what to include in their annual report, departments are encouraged to use the qualitative characteristics, as well as the pervasive constraints in PBE FRS 48 to identify an 'appropriate and meaningful' set of indicators for their service critical assets. The prompts below may support selection:

- What indicators would provide users of the annual report information on how well the asset is being managed to ensure current and ongoing service delivery?
- Is contextual information provided so the user can understand the asset's role in service delivery, particularly where it is not clear from its name?
- Do the indicators provide a complete, neutral, and free from material error view of the asset's performance?
- Does the information support the users understanding of future projected performance?
- Do the indicators provide the user with information on risk to future asset performance, for example impact of climate change?
- Does the information provide users with a basis and context for the performance of the asset over time?
- Can the information published be verified?
- Is the amount of information and the level of detail presented useful and usable?

Asset performance indicators should be regularly reviewed.

The Treasury is engaging with system and functional leads to commission work to identify consistent model indicators for particular asset types. For many asset classes there are well established standard performance indicators. Agencies are recommended to use these unless there is good reason not to.

8.4.3 Presentation

Departments have flexibility around where in the annual report they present their asset performance indicators. Departments could consider including asset performance indicators as a part of their reporting on organisational health.

The use of tables and graphs are recommended to provide trend information for asset performance over time.

8.4.4 Audit

Asset performance indicators do not fall within scope of the performance information that must be audited. However, a department may request that their asset performance indicators be audited as other information that the Auditor-General has agreed to audit (see section 45(1)(a) of the PFA).

8.4.5 What if a department does not have service critical assets?

If a department does not have service critical assets this should be reported in their annual report as follows: '[department name] has identified no service critical assets in line with the reporting requirements in CO (23) 9'. Departments are encouraged to include this statement in their reporting on organisational health.

Contact: InvestmentManagement@treasury.govt.nz

8.5 Māori language planning – Te Reo Māori Revitalisation

Cabinet requirement: Cabinet minute [MCR-18-MIN-0012](#) states that all departments of the public service be required to develop a te reo Māori language plan by 30 June 2021, and be required to reflect these in their accountability documents, including Annual Reports and Strategic Intentions

[Te Ture mō Te Reo Māori 2016](#) created a partnership for the revitalisation of te reo Māori between the Crown and iwi and Māori. The legislation acknowledges that iwi and Māori are the *kaitiaki* (guardians) of te reo Māori, while recognising that the Crown is able to advance the revitalisation of the Māori language by promoting strategic objectives in wider New Zealand society. The two parties are therefore required to work in active partnership to promote the revitalisation, knowledge and use of te reo Māori, see the [Crown's Strategy for Māori Language Revitalisation 2019-2023](#).

The legislation also requires that the Minister for Māori Development issue, on behalf of the Crown, a Maihi Karauna Strategy that sets out:

- the Government's objectives and policies, and related matters, relevant to the revitalisation of the Māori language
- the Government's long-term strategic direction, and the current and medium-term priorities, to support that revitalisation.

In approving the Maihi Karauna on 14 December 2018, Cabinet agreed that all departments of the public service be required to develop a te reo Māori language plan by 30 June 2021, and be required to reflect these in their accountability documents, including Annual Reports and Strategic Intentions.

Departments **should** (where possible) report on:

- specific evidence or examples of action that demonstrate progress against the goals set out in the agency's Māori language plan
- opportunities to learn te reo Māori available to staff of the agency, including the percentage of staff who have signed up to te reo training and at what levels
- (if the Department has not developed a te reo Māori language plan) language revitalisation activities the agency has undertaken, eg, introducing bilingual signage, including te reo Māori on the agency's website, organising events for Te Wiki o te Reo Māori.

Departments may wish to use [te reo Māori self-assessment tool](#) by Te Taura Whiri i te Reo Māori. This tool offers a structured overview of language initiatives and automatically generates a Māori Language Planning section for a department's annual report.

Contact: maherereo@tetaurawhiri.govt.nz

8.6 Treaty settlement commitments

Cabinet requirement: Cabinet Minute [MCR-22-MIN-0023](#) states that:

Core Crown agencies to begin reporting in their annual reports on the status of their Treaty settlement commitments from financial year **2023/24**.

8.6.1 He Korowai Whakamana framework

In December 2022, Cabinet agreed to the He Korowai Whakamana framework for achieving oversight of Treaty settlement commitments and a consistent approach for addressing and resolving settlement issues.

The He Korowai Whakamana framework:

- provides guidance and tools to support settlement delivery
- requires core Crown agencies to track the status of their commitments using Te Haeata, and report on these from financial year 2023/24 onwards
- establishes an issue resolution process for post-settlement governance entities and Crown agencies.

The He Korowai Whakamana Cabinet Paper is available on the [Te Arawhiti website](#).

8.6.2 Treaty settlements reporting requirement in 2023/24 annual reports

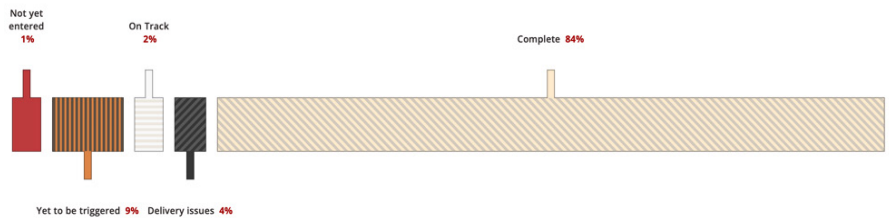
The purpose of this reporting requirement is to enhance Crown accountability for Treaty settlement commitments, give iwi visibility and assurance that their settlement commitments have been upheld, and track progress.

Public Service departments and departmental agencies, the New Zealand Defence Force and New Zealand Police must report on the status of their Treaty settlement commitments in their annual reports from financial year 2023/24 onward. This will be the first report of core Crown agencies settlement delivery since the Treaty settlement process commenced over 30 years ago.

[Te Haeata](#) – the Settlement Portal, is an online database of Treaty of Waitangi settlement commitments, that will be used to help organisations maintain oversight of their commitments. However, the deed of settlement and settlement legislation remain the authoritative source of commitments.

Agencies are required to enter their status information on Te Haeata and present a summary through their annual report. Agencies can determine the appropriate place for this information within their annual report. Agencies may wish to consider including this reporting alongside their Whāinga Amorangi (Māori Crown Relations capability) reporting.

The reporting for 2023/24 includes settlements published in Te Haeata before December 2022. Te Haeata has a progress status function and a high-level overview on the agency homepage dashboard. This dashboard can be used to visually present the overall status of agencies' delivery of settlement commitments. An example of the progress status chart is shown below.

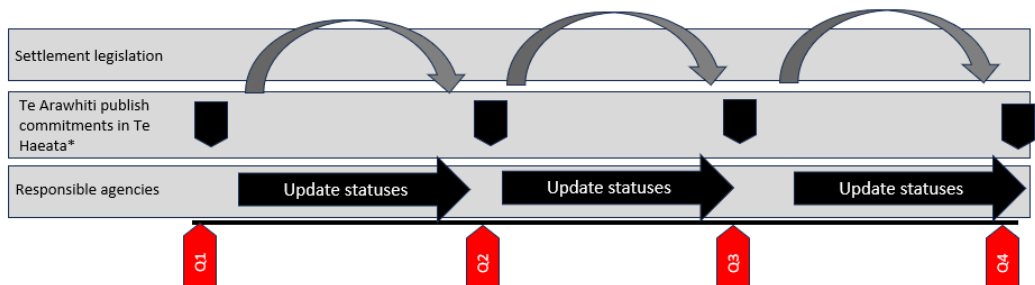


Guidance for updating the status of commitments is available on the [Te Arawhiti website](#).

8.6.3 Timing of settlement commitment updates for 2024/25 annual reports and outyears

For the purpose of annual reports, from financial year 2024/25, it is expected that agencies responsible for Treaty settlement commitments will have completed status updates for all commitments published on Te Haeata by 31 March. All commitments that have been published before 1 April of any reporting year will be included in agency annual reports.

New commitments from Treaty settlement deeds and legislation can arise at any time, as deeds are signed, and legislation is enacted. Te Arawhiti publishes commitments from new settlements in Te Haeata on the first day of each quarter. The expectation is that agencies will update the status of those commitments during the quarter (see diagram below).



* For commitments arising from newly passed settlement legislation permission will first be sought from PSGE that it consents to publication of settlement commitments

Te Haeata will be updated to ensure agencies are able to include only relevant settlement commitments in their annual reports.

8.6.4 Treaty settlement commitments annual reporting example

You will find an example of Treaty settlement commitments reporting for Te Arawhiti along with explanatory notes in [Annex 6](#).

Te Arawhiti advises core Crown agencies who are not responsible for settlement commitments in the financial year to include a statement in a relevant place of their annual report, such as: “Our agency is not currently responsible for Treaty settlement commitments, so are not required to provide an update in accordance with the He Korowai Whakamana framework.”

8.6.5 Additional guidance for first time reporting

The first annual report entry will require some initial explanatory text and background information. Writers should assume that their audience has no prior knowledge of:

- He Korowai Whakamana
- Te Haeata
- what settlement commitments are, and
- what the statuses on Te Haeata are.

It might also be necessary to include some examples to help explain/demonstrate what the status updates refer to or mean (ie, 'delivery issues' could relate to an agency not being able to implement some settlement redress as intended).

Agencies may also need to include a narrative around their role in the Treaty settlement process, and the common types of commitments that they have. Again, this will help Parliament and the public to understand the role of a particular agency in the settlement process, what types of commitments they have, and provide context to the status update graph and other information. This information will help the user to better understand the information and data being presented.

Most people are likely to want to know what 'delivery issues' or 'yet to be triggered' are for each agency. It is not going to be practical to go into detail on these, so instead agencies may need to give a high-level overview of the types of delivery issues they are dealing with, and an explanation of what is being done to address these. It may also help to provide examples of what the relevant 'yet to be triggered' commitments are, and why they are this status.

Contact: tehaeata@tearawhiti.govt.nz

8.7 Carbon Neutral Government Programme reporting

Cabinet requirement: Cabinet minute [CBC-21-MIN-0030](#) states:

Public service departments, departmental agencies and non-public service departments (excluding the Office of the Clerk of House of Representatives and Parliamentary Service) must:

- report their emissions;
- set gross emissions reduction targets for 2025 and 2030, in accordance with guidance to be provided by the Ministry for the Environment;
- develop and implement credible reduction plans to help them reach their gross emissions reduction targets;
- report their emissions, reduction plans and progress towards their gross emissions reduction targets to the Programme Lead (currently the Ministry for the Environment) by 1 December each year, commencing in December 2022, in accordance with guidance to be provided by the Ministry for the Environment; and
- include summarised information provided to the Ministry for the Environment in their annual reports, from the 2021/22 financial year onward.

The Carbon Neutral Government Programme (CNGP) was launched in December 2020 and aims to accelerate the reduction of greenhouse gas (GHG) emissions within the public sector and demonstrate government leadership and action on climate change.

All government departments, departmental agencies and the executive branch must report under the CNGP in their annual reports. See: [New Zealand's central government organisations](#).

The key requirements are to measure, verify and report the organisation's emissions annually, set gross emissions reduction targets in line with a 1.5 degree pathway, and set reduction plans to reduce the organisation's emissions. The intention is to offset remaining gross emissions from 2025 to achieve carbon neutrality.

More information can be found on the [CNGP website](#) or by contacting cngp@mfe.govt.nz.

8.7.1 CNGP reporting requirements

The CNGP requires participants to publicly report organisational-level GHG emissions in their annual report.

Table 2 of [CNGP A guide to managing your greenhouse gas emissions](#) sets out the information to provide in the annual report and is noted below.

Mandatory information to provide each year in the annual report

Information required
Total annual emissions (including all mandatory and material emissions scopes/sources) for the financial year, reported as total tonnes of carbon dioxide equivalent units (tCO ₂ e)
Emissions profile broken down by emissions source/scopes (tCO ₂ e)
Restatement of historical emissions (if relevant)
Base year period and total emissions for that year (tCO ₂ e)
Full-time equivalent of staff (FTE)* in the reporting period
Total expenditure* in the reporting period
2025 and 2030 gross emissions reduction targets (%)
Progress towards 2025 and 2030 targets compared to base year (%)
<p>Qualitative commentary on results: the organisation must explain</p> <ul style="list-style-type: none"> • their initiatives for reducing emissions and progress towards these, and • the context of their emissions inventory and progress, for example, any data gaps, emissions sources excluded and why, challenges or significant changes experienced, and plans for improvement over time.

*FTE and total expenditure information is expected to be included in other sections of the annual report so does not need to be repeated in this section.

In addition to public annual reporting, each CNGP organisation needs to submit full verified GHG emissions inventory and information to the Programme Lead (Ministry for the

Environment) by 1 December each year (including the organisation's emissions reduction plan and its assurance statement or verified disclosure statement). See pages 8-11 of [CNGP: A guide to measuring and reporting greenhouse gas emissions](#).

8.7.2 CNGP standards and guidance

The annual GHG emissions inventory must be prepared using the criteria stated in the international greenhouse standards: the [Greenhouse Gas Protocol](#), ISO 14064-1:2018 or aligned sector standards.

8.7.3 Verification of emissions reporting

The CNGP recommends independently verifying emissions information to be included within your organisation's annual report. See pages 34-35 of the [CNGP: A guide to measuring and reporting greenhouse gas emissions](#) for details.

The Programme Lead's position is that unverified emissions data is permissible, but not preferred, within annual reports. It is important that any unverified information is clearly described as "provisional and unverified".

When organisations submit full information to the Programme Lead by 1 December 2024, the data must be verified. See [CNGP A guide to managing your greenhouse gas emissions](#) for details, including for where allowances are made.

Detailed guidance for CNGP agencies on emissions reporting and verification is available on the [CNGP website](#).

Contact: For any questions about the CNGP requirements contact cngp@mfe.govt.nz.

8.8 Māori Crown Relations capability

Expectation: Māori Crown Relations capability is expected to be covered in a stand-alone section. Section 14 of the Public Service Act 2020 (the Act) places explicit responsibilities on Chief Executives to develop and maintain the capability of the public service to engage with Māori and understand Māori perspectives.

Te Arawhiti is the system lead for the Māori Crown Relationship and provides guidance on the content of annual reports in relation to Māori Crown Relations.

This section should include reference to the two specific programmes of work underway to support public service leaders to build their own personal Māori Crown Relations performance and that of their people:

- Whāinga Amorangi Phase One: Empowering People, and
- Māori Language Planning (see section [8.5 Māori language planning](#) – Te Reo Māori Revitalisation).

8.8.1 Whāinga Amorangi Phase One: Empowering People

In 2021 Chief Executives committed to implementing Whāinga Amorangi Phase One: Empowering People. This requires Chief Executives to build their own Māori Crown relations capability and develop a plan for their department to do the same. All plans include outcomes, aspirations, actions, measures, and timeframes for building capability.

There are two competencies that departments are required to build the capability of their people in: Te Reo Māori (reported separately through Māori Language Planning) and New Zealand history/Treaty of Waitangi literacy.

There are additional Māori Crown Relations capability areas that may be included in department's Whāinga Amorangi Plan:

- Engagement with Māori
- Understanding racial equity and institutional racism
- Worldview knowledge, and
- Tikanga/kawa.

The priority focus for reporting progress made implementing Whāinga Amorangi plans is to understand how departments actions and activities are supporting performance uplift in their Māori Crown Relations capability.

Departments are encouraged to highlight initiatives and commitments they have made towards building Māori Crown Relations capability outside of these two specific work programmes.

8.8.2 Agency progress against your Whāinga Amorangi plan

Te Arawhiti acknowledges the progress reported in last year's annual reports with implementing Whāinga Amorangi plans. For 2023/24 annual reports Te Arawhiti recommends that departments continue to focus on improvements to capability to date and how they are identifying and addressing capability gaps in their forward plans.

Departments should summarise how in the past year they have implemented their Whāinga Amorangi Phase One plan and identify what progress has been made towards each outcome and why. As departments grow their Māori Crown Relationship capability using Whāinga Amorangi, they should show how the implementation of their plan has contributed to their confidence and focus in leading and growing capability building to engage with Māori.

It is recommended that departments provide percentages of their people that have undertaken performance lifting and describe how that has improved and built performance, specifically:

- The percentage of staff that have completed a te reo Māori training; provide details about the training and staff feedback on the training.
- The percentage of staff that have completed a training course on New Zealand history and the Treaty of Waitangi. Provide details about the training and how confident their staff are in articulating their understanding of how it impacts delivery or services.
- The percentage of staff who have moved from unfamiliar to comfortable in these two competency areas.

- The percentage of staff that have completed training to build their capability in any of the other four Māori Crown Relations competency areas and provide details about the training, and how this has built staff understanding.

The approximate amount of investment in implementing your Whāinga Amorangi plan should be provided (eg, people, finance, time, policies etc).

To see progress year on year, departments should summarise and provide data on their people's current Māori Crown relations capability level, and how this is growing.

Te Arawhiti encourages departments to profile or give specific examples of Māori Crown relations capability building activities and its effect on their people's practice (eg, case studies, feedback from service users or Māori, their staff and how it has helped them).

Te Arawhiti acknowledges that translating learning into practice takes time but encourages departments to share how their leaders have been able to role model Whāinga Amorangi in practice?

Contact: CrownMaoriEngagement@tearawhiti.govt.nz

8.9 Diversity, Equity and Inclusion

Expectation: Section 75 of the Public Service Act 2020 requires “Chief executives ... to promote diversity and inclusiveness.” Chief executives have committed to implementing and reporting on progress with Papa Pounamu and Kia Toipoto at their agencies.

Building a diverse workforce and inclusive workplaces that reflect and understand the communities we serve is a high priority. The Public Service will be most efficient and effective to deliver when people feel safe to contribute and confident their contributions will be valued, and that our pay and employment conditions are fair, equitable and free from bias.

The Public Service is strengthening its approach to Diversity, Equity and Inclusion (DEI) by aligning the [Papa Pounamu](#) and [Kia Toipoto](#) work programmes. This new approach means that departments are asked to publish one DEI plan annually (beginning in 2024).

Chief executives have committed to implementing and reporting on progress with Papa Pounamu and Kia Toipoto. Furthermore, Public Service Leadership Team Chief Executives have committed to a shared vision for DEI throughout the public service.

The shared vision means:

- Our Public Services reflect, understand and value the diversity of the communities we serve.
- We use best practice to identify what works and drive change across the system to create an inclusive culture across the public service.
- We establish fair and equitable reward and employment practices and support agencies to close pay gaps.
- We deliver to all of New Zealand.

Te Kawa Mataaho Public Service Commission will provide updated DEI guidance for departments covering the period 2024/25. This will be available in June 2024.

8.9.1 DEI reporting in the 2023/24 Annual Report

The guidance on DEI reporting in Annual Reports has been updated to reflect this new approach. Departments are advised to incorporate a stand-alone section that provides a coherent diversity, equity and inclusion narrative.

Departments should include a link to their DEI plan or links to both their Kia Toipoto Pay Gaps Action Plan and DEI Plan. If departments do not have links to published Diversity & Inclusion or DEI plans by the due date for Annual Reports, they should state that this plan will be published by 15 November 2024. See [Annex 7](#) that provides a breakdown of the expected reporting for 2023/24.

8.10 Health and safety

Recommendation: Public service departments should consider including in their annual reports how they manage health and safety. This may be included under reporting on the department's management of its organisational health and capability.

The Health and Safety at Work Act 2015 places specific accountabilities and duties on public service chief executives as officers, and departments as Persons Conducting a Business or Undertaking.

In 2017, the Public Service Commissioner appointed a [functional lead for health and safety](#) to strengthen public service and sector performance.

The functional lead **recommends** that departments should consider describing:

Health, safety and wellbeing governance arrangements

- The department's health, safety and wellbeing governance arrangements, including how officers have met their duties.
- How workers have been engaged in health, safety and wellbeing.

Wellbeing and health management activities

- The department's critical risks (both physical and psychosocial) to worker wellbeing and health and what progress has been made in the reporting year.
- Outline the vision and values with regard to [Positive Workplace Cultures](#)?
- What support do you have in place to equip leaders in leading positive work and teams?

Safety management activities

- The department's critical risks to worker health & safety and what work has been done in the reporting year.

Specific measures of performance should also be considered in areas such as

- training delivered to workers, managers and officers
- inspections and reviews undertaken

- accidents
- health monitoring
- lost time injuries, and
- major incidents.

Useful resources

O'Neill, S & Wolfe, K, [Measuring and reporting on health and safety](#), Canberra, Safe Work Australia, 2017.

Reporting Performance, Guidance on including health and safety performance in annual reports. Institute of Occupational Safety and Health, 2015.

Contact: ghsl@mpi.govt.nz

9 End-of-Year Performance Information on Appropriations

Statutory requirement: Section 19C of the PFA

- (1) The end-of-year performance information for an appropriation must include the following:
 - (a) an assessment of **what has been achieved with the appropriation** in the financial year; and
 - (b) a comparison of the **actual expenses or capital expenditure incurred** in relation to the appropriation in the financial year with **the expenses or capital expenditure that were appropriated** or forecast to be incurred.
- (2) In the case of a multi-category appropriation, subsection (1)(a) and (b) must be read as if the references in those paragraphs to an appropriation included a reference to each category of expenses or capital expenditure within that appropriation.
- (3) The end-of-year performance information for an appropriation must be prepared in accordance with generally accepted accounting practice, 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 generally accepted accounting practice.

9.1 Scope and content of end-of-year performance information on appropriations

The basis of end-of-year reporting on what was achieved with appropriations is the “*What is Intended to be Achieved with this Appropriation*” and “*How Performance will be Assessed*” supporting information in the Estimates of Appropriations or in the Supplementary Estimates.

The Estimates of Appropriations (or Supplementary Estimates) must contain, for each appropriation (or category of a multi-category appropriation).

- What is intended to be achieved with an appropriation.
- How performance will be assessed (not required for exempt appropriations).
- Who will report on performance for the appropriation and the document in which this information will be presented to the House (not required for exempt appropriations).

The appropriation administrator is required to record the details of the document in which end-of-year performance information can be found in the statement of expenses and capital expenditure in their annual report (refer to [section 7.4](#) for more details).

The end-of-year performance information for an appropriation must also include a comparison of the actual expenses or capital expenditure incurred for the appropriation in the financial year with the expenses or capital expenditure that were appropriated or forecast to be incurred.

9.2 Performance information provided by departments

Where a department has been identified as the performance reporter, it needs to ensure that the information specified above is:

- prepared as soon as practicable after the end of the financial year (section 19A(2) of the PFA), and
- provided to the auditor general no later than 31 August (section 45D(1A)) of the PFA).

Once an audit report in respect of the above information has been received by the department no later than 30 September each year, the following must be completed within **15 working days** (section 19A(3)):

- a) the performance reporter must, unless the performance reporter is the appropriation administrator, provide the information and the audit report to the appropriation administrator
- b) the appropriation administrator must provide the information and the audit report to the appropriation Minister, and
- c) the appropriation Minister must ensure that the information and the audit report are presented to the House of Representatives in the document most recently specified for that purpose in the supporting information for an Appropriation Act (either the Estimates or Supplementary Estimates).

Performance information provided by a department for appropriations (both financial and non-financial) is audited and this information must be clearly identifiable to the user.

9.2.1 Public Benefit Entity Financial Reporting Standard 48 (PBE FRS 48)

PBE FRS 48 Service Performance Reporting is an accounting standard that forms part of GAAP. PBE FRS 48 applies to public sector public benefit entities required by legislation to provide information in respect of service performance in accordance with GAAP.

End of year performance information on an appropriation is required to comply with GAAP and in particular PBE FRS 48. As clarified in [Treasury circular 2023/09](#) under the PFA, PBE FRS 48 only applies to reporting on appropriations.

The following section provides further guidance on applying PBE FRS 48 to reporting on appropriations as the standard is entity-based. Departments should read this guidance alongside [PBE FRS 48](#) itself, the XRB's [Guidance for entities applying PBE FRS 48 Service Performance Reporting](#), and [Treasury circular 2023/09](#). This guidance is not a substitute for reading the standard itself.

9.2.1.1 Content of performance information

Paragraph 20: ‘In reporting on what an entity has done during the reporting period an entity shall provide users with an appropriate and meaningful mix of performance measures and/or descriptions for the reporting period...’

Departments through the Estimates and Supplementary Estimates set out the details of what and how they will report end of year performance information for appropriations, including how performance will be assessed at the end of the financial year. Departments will need to report against that performance information.

Where the end of year performance information set as part of the Estimates / Supplementary Estimates does not enable reporting on an appropriate mix of measures and descriptions, then a department may need to provide additional information to meet the requirement.

Departments should consider if performance information used for reporting on progress against strategic intentions or the department’s operations is directly relevant to understanding what has been achieved with an appropriation. Cross referencing or adding this information is appropriate where there is a clear and defined relationship with the appropriation. Refer to paragraph 19 of PBE FRS 48, in light of [Treasury Circular 2023/09](#).

Paragraph 15a: ‘Sufficient contextual information to understand why the entity exists, what it intends to achieve in broad terms over the medium to long term, and how it goes about this’

As set out in Treasury Circular 2023/09, PBE FRS 48 applies to end of year performance reporting on appropriations. Entity focussed information of the type referred to in paragraph 15a of PBE FRS 48 is likely to be provided by a department elsewhere in its annual report (for example in its reporting on strategic intentions and operations) but is not required to comply with GAAP.

When reporting on appropriations, departments should consider whether the information provided to the user enables them to understand why the appropriation exists and what it intended to achieve.

Departments should consider linking the reporting on appropriations and the rest of their annual report. For example: Is it clear which appropriations contribute towards the achievement of which strategic objectives? Is there a clear narrative from the contextual part of the report through to appropriation reporting?

It is recommended that agencies include the appropriation scope and intention statements as part of the performance reporting on the appropriation to help users understand the context of the appropriation.

Paragraph 15b: ‘Information about what the entity has done during the reporting period in working towards its broader aims and objectives’

As set out above, PBE FRS 48 applies to end of year performance reporting on appropriations. Entity focused information of the type referred to in paragraph 15b of PBE FRS 48 is likely to be provided by a department elsewhere in its annual report (for example in its reporting on strategic intentions and operations) but is not required to comply with GAAP.

PBE FRS 48 provides further guidance in paragraph 19 about the matters that should be considered in determining what to report to meet the requirements of paragraph 15b. The matters set out in paragraph 19, when applied in the context of end of year performance information on appropriations, are likely to enable the end of year performance information to be appropriate and meaningful to users, and assist the information to comply with PBE FRS 48.

For reporting on appropriations, the information that is provided on what has been achieved will depend on their nature, significance, and complexity. Departments will need to use their judgment about what to include for each appropriation.

In some instances, appropriations will not have broader aims and objectives that can be referenced (for example where an appropriation is largely administrative). In other instances, there will be clear linkages between a department's aims and objectives, the appropriation's intention statement and therefore the performance information. In these circumstances, it is likely to be appropriate for the department to include or cross-reference information on progress against aims and objectives in the performance information on the appropriation. Where information has been cross referenced from another part of the annual report that information must comply with GAAP (including PBE FRS 48) and is required to be audited.

Departments should consider what information is reported where to ensure a consistent and logical narrative across all parts of the annual report. This may result in some overlaps between reporting on progress against strategic intentions and reporting on what was achieved with an appropriation.

Paragraphs 36-39: Provide comparative information in respect of the preceding period, and prospective service performance information (also referred to as budget versus actual)

Departments should read PBE FRS 48 closely as judgement may be required about the comparative and prospective information they need to provide in their annual report.

Paragraph 38 provides details on the requirements for comparative (prior year) information. Departments are required to provide comparative information for the preceding period for 'performance measures and/or descriptions for which an amount is reported in the current period', also referred to in PBE FRS 48 as quantitative measures. Departments must also provide comparative information for narrative and descriptive performance information 'when it is relevant to an understanding of the current period's service performance information'. Departments will need to use their judgement when considering what comparative information to provide for narrative and descriptive performance information.

PBE FRS 48 identifies that departments may choose to provide, 'previously published prospective service performance information (also referred to as budget vs actual)' (paragraph 38A). Departments should provide the budget standards for performance information from the Estimates or Supplementary Estimates where these have been provided. Departments will need to use their judgement about including the prospective information for a qualitative descriptor. Explanations will need to be given for major variations between the actual result and the budget standard.

9.2.1.2 Presentation

Paragraph 29: 'An entity shall clearly identify the service performance information presented in accordance with this Standard'.

Departments need to identify what information, including any cross-referenced information, they are presenting under PBE FRS 48.

Departments will need to agree with their auditors what service performance information is being presented in accordance with PBE FRS 48. This will be based on what is appropriate and meaningful service performance information for each appropriation.

PBE FRS 48 does not specify what identification must look like in the document. Departments should confirm their identification approach with their auditors.

Paragraph 6: 'An entity shall present service performance information that is useful for accountability and decision-making purposes in the same general purpose financial report as its financial statements...'

Performance reporting on appropriations can be in another document, as allowed for by the PFA. Where performance information is presented elsewhere, departments should consider cross referencing, as allowed for by PBE FRS 48.

Paragraphs 32-35: Some cross-referencing to other information is permitted, but this is subject to a number of requirements.

PBE FRS 48 allows for cross-referencing to information both within the annual report document itself and with other material. As stated in PBE FRS 48 cross-referencing can improve understandability for the user. Requirements for cross-referencing are specified in paragraphs 33 and 35.

Departments should consider whether to duplicate or cross-reference information on a case-by-case basis. The reader should be top of mind when determining which approach to take. A reliance on cross-referencing can make the document difficult for the reader to understand. The performance information in the annual report needs to be reasonably "stand alone" with cross-referencing used for more detailed or technical information.

Departments should note that cross referenced information forms part of the complete set of information that must comply with GAAP, including PBE FRS 48, and is required to be audited.

9.2.1.3 Disclosure and judgements

Paragraph 43: 'An entity shall correct material prior period errors, in the first service performance information authorised for issue after the discovery of the errors...'

Departments will need to inform users in the subsequent annual report where *material* errors were made in previous appropriation reporting.

Paragraphs 44-47: 'Disclose those judgements that have the most significant effect on the selection, measurement, aggregation, and presentation of service performance information'

Departments will need to disclose the significant judgements they have made. Departments are advised to discuss their judgments with their auditor to identify those that are significant and must be disclosed.

There is a balance between disclosing too much and too little information. PBE FRS 48 provides information on a meaningful approach to disclosures. PBE FRS 48 does not require a department to disclose everything, just those aspects that have the most significant effect and relevance to a user's understanding. Disclosing information on the reasons for every indicator would likely be too much information to report (though collecting this information may be useful for other purposes, such as for audit).

For further guidance on disclosure statements see [section 4.1](#).

9.3 Performance information provided by Ministers

Where an appropriation Minister has been nominated as the performance reporter, that Minister must prepare the information required by section 19C and ensure that the information is presented to the House by 31 October each year (or, if Parliament is not in session, as soon as possible after the commencement of the next session of Parliament) in the document specified for this purpose in the Estimates or Supplementary Estimates (section 19B(2) of the PFA). The information must be published as soon as practicable following presentation (section 19B(4) of the PFA). Ministers' reports are presented to the House by the relevant appropriation Minister as identified in the Estimates or Supplementary Estimates, and are published under the authority of the House.

In practice these documents are drafted on the Minister's behalf by the administering department from the perspective of the Minister. While the document is published under the authority of the House, it is also expected to be available on the administering department's website to support accessibility of performance reporting.

Unlike performance information prepared by departments and Crown entities, Ministers' reports are **not audited**, but must comply with GAAP, including PBE FRS 48.

9.3.1 Shoulder numbers

Ministers' reports are required to be separately identifiable and to have their own shoulder number.

When presenting Ministers' reports with other documents, it may be appropriate to include a covering contents page setting out the documents contained and the shoulder numbers of each document.

The Bills Office has confirmed that the correct shoulder number for Minister's reports is B.14 (Vote XX).

9.3.2 Banner

Ministers' reports are presented to the House of Representatives pursuant to section 19B of the PFA. If this is a separate report the cover of the Ministers' report should state this at the bottom of the page. If the Minister's report is attached to a department's annual report then the statement should be on the cover of the department's annual report.

Annex 1 – Annual Report Checklist

Not all the items on the checklist will be applicable for all departments. Consult the relevant section in the guidance for more details.

PFA Section	Information required to be included in the annual report	Index	Area covered
45(2)(a)	An assessment of the department's operations	7.3	
45(2)(b)	An assessment of a department's progress in relation to its strategic intentions	7.3	
45(2)(c)	Information about the department's management of organisational health and capability	7.3	
45(4)	Identify any specified agency for which the department is a host or relevant department	7.2	
45(3) & 45BA	Forecast financial statements for the following financial year	7.6	
45(2)(f) & 45C	Statement of responsibility – signed by CE	7.7	
45D	Audit report	7.9	
	Specific information to be included in the annual report covered by the Audit opinion		
45(B)(1)	Financial Statements required under GAAP	7.5.1	
80(1) & 45(B)(1)	Statement of commitments	7.5.2	
80(1) & 45(B)(1)	Statement of contingent liabilities and contingent assets	7.5.2	
80(1)	Statement of cost accounting policies	7.5.2	
80(1)	Non-departmental schedules	7.5.3	
45B(2)(b)	Actual figures from the previous year for comparison	7.5.4	
45A	Statements of Expenses and Capital Expenditure	7.4	
80(1)	Memorandum Account disclosure	7.5.6	
45B(2)(a)	Any other information needed to reflect financial operations or fiscal position	7.5.7	
19(c)	End-of-year performance information on appropriations, where required to be included in the annual report	9	
	Other legislative requirements		
45D(1) & 45D(1A)	Financial statements, appropriation reporting and annual report provided to the Auditor-General	7.9	
43(2)	Annual report provided to the responsible Minister	7.10.3	
44(1)-(3)	Annual report presented to the House	7.10.4	
44(4)	Annual report published	7.10.5	
N/A	Consistent with presentational requirements	7.10.1 & 7.10.6	
	Other reporting obligations		

PFA Section	Information required to be included in the annual report	Index	Area covered
N/A	Equal employment opportunities	8.1	
N/A	Delegation of functions or powers under the Public Service Act	8.2	
N/A	Reporting on other legislation requirements	8.3	
N/A	Asset performance indicators	8.4	
N/A	Māori language planning	8.5	
N/A	Treaty settlement commitments	8.6	
N/A	Carbon Neutral Government Programme	8.7	

Annex 2 – Disclosure for Appropriations

Section 45A of the PFA requires departmental annual reports to include a statement of expenses and capital expenditure incurred against each appropriation and each category of a multi-category appropriation.

Multi-category appropriations (MCA)

MCAs can be used to provide increased financial flexibility across several categories of expenses and non-departmental capital expenditure that all contribute to a single overarching purpose, while preserving transparency about what is achieved with each category of an MCA.

The following reporting on each MCA must be provided by the appropriation Administrator:

- actual expenses incurred on, and what was achieved with, the MCA as a whole
- actual expenses incurred on, and what was achieved with, each category of the MCA.

Multi-year appropriation (MYA)

Multi-year appropriations give departments flexibility to manage expenses over a number of years (up to five). Departments should report the following information:

- amount of total appropriation
- actual expenses or expenditure incurred over the period covered by the annual report
- expenses or expenditure forecast for the period covered by the annual report
- total actual expenses or expenditure incurred from the start of the MYA to the end of the period covered by the annual report, and
- the period of the MYA.

Expenses restricted by revenue

Departments are required to report actual expenses against forecast levels of expenditure. Because the amount for this appropriation type is limited by the amount of revenue earned, departments must also report the level of revenue earned for that particular output expense as part of the disclosure in the annual report.

Annex 3 – Information for New, Disestablished or Restructured Agencies

Newly established entities (section 45I of the PFA)

The Minister of Finance may exempt an entity that is established within four months of the end of the financial year from the obligation to provide an annual report for that financial year. However, if this occurs:

- and the entity administers an appropriation, it must, as soon as practical after the end of the financial year, provide the following as if they were an annual report
 - a statement of expenses and capital expenditure
 - end-of-year performance information
 - an audit report.
- the entity must, as soon as practical after the end of the next financial year, provide an annual report that covers the period from the date on which it was established until the end of that next financial year.

Final annual report for disestablished entities (section 45J of the PFA)

A department that is disestablished prior to the end of a financial year must, as soon as practicable after the date on which it is disestablished, provide a final report (as if the final report were an annual report) for the period up until that date.

The Minister of Finance may approve the transfer of some or all of the responsibility for completing a final report to another party. If this occurs, the party who assumes responsibility must sign the statement of responsibility.

The report must be prepared as if it were an annual report and be provided not later than 3 months after the disestablishment date.

Transferred operations (section 45L of the PFA)

The Minister of Finance may exempt a department being disestablished, and whose operations are transferred to another department during the financial year, from the requirement to include a statement of performance and a full report on its operations in its final report. If granted, the information for the period up to the point of transfer must instead be included in the annual report of the department the operations were transferred to.

Departments that might wish to seek an exemption or transfer of responsibility under any of these sections are advised to contact their Treasury Vote team or performance.info@treasury.govt.nz.

Annex 4 – Information for Intelligence and Security Departments and Offices of Parliament

The following describes the annual reporting requirements for Offices of Parliament and intelligence and security departments.

Offices of Parliament

Offices of Parliament are required to prepare and publish information on future operating intentions and annual reports in much the same way as departments. The modified reporting requirements applying to Offices of Parliament are set out in section 45F of the PFA, and generally reflect the fact that Offices of Parliament are primarily accountable to the House of Representatives, not the Government.

Intelligence and security departments

Intelligence and security departments (currently the NZSIS and the GCSB) are also required to prepare and present annual reports. These annual report obligations are governed by section 221 and 224 of the Intelligence and Security Act 2017. Section 221 of the Intelligence and Security Act 2017 requires that annual reports contain the information required by section 45 of the PFA, plus additional information. Further, the legislation provides that:

- the Minister provide a copy of the annual report, as soon as practicable after receiving it, to members of the Intelligence and Security Committee, and
- the Minister present a copy of the annual report to the House within 30 sitting days of receiving it, but with the Minister able to direct the removal of sensitive information prior to presentation. The department's financial statements are replaced with a statement recording total expenditure against the department's appropriation.

The legislation for both departments also requires specific annual report disclosures relating to powers exercised by the relevant department.

Annex 5 – Information for Specified Agencies

Interdepartmental executive boards, interdepartmental ventures and departmental agencies are organisational forms in the Public Service Act 2020 that are collectively called Specified Agencies in the PFA.

The reporting requirements for a Specified Agency are broadly the same as for a department, in terms of general content and the statement of responsibility.¹⁴ Specified Agencies are advised to carefully consider which of the other reporting requirements in [section 8](#) apply to them.

Specified agencies may find the Treasury's [Public Finance Act: Guidance for Specified Agencies](#) helpful to understand their PFA requirements.

If you have queries or would like further advice on preparing a specified agency annual report contact performance.info@treasury.govt.nz.

General content of a specified agency annual report

Statutory requirement: Section 45AA of the PFA

- (1) The annual report of a specified agency must provide the information that is necessary to enable an informed assessment to be made of the specified agency's performance during the financial year, including how well the specified agency is managing the resources it controls.
- (2) The annual report of a specified agency must contain the following information in respect of the financial year to which it relates:
 - (a) an assessment of the specified agency's **operations**; and
 - (b) an assessment of the specified agency's progress in relation to **its strategic intentions**, or if the specified agency is not required to provide information on its own strategic intentions under section 38, in relation to, -
 - (i) in the case of a departmental agency, any of the host department's strategic intentions that are relevant to the departmental agency:
 - (ii) in the case of an interdepartmental executive board or an interdepartmental venture, any of its relevant departments' strategic intentions that are relevant to the specified agency, and
 - (c) information about the specified agency's management of its **organisational health and capability**; and
 - (d) if the specified agency **administered an appropriation** in that financial year, statements of expenses and capital expenditure for the specified agency that comply with section 45A, and

¹⁴ The statement of responsibility in an annual report must be signed by the chief executive – for interdepartmental executive board or interdepartmental venture this means all members of the board.

- (e) if the specified agency **managed assets or liabilities** in that financial year (and does not have a waiver under section 45B), annual financial statements for the specified agency that comply with section 45B, and
 - (f) if the specified agency has a waiver under section 45AB, information about where financial information about the specified agency's assets, liabilities, expenditure, and revenue can be found (see section 45B(3)); and
 - (g) **a statement of responsibility** that complies with section 45CA; and
 - (h) **any other matters** that relate to or affect the operations of the specified agency that the specified agency is required, has undertaken, or wishes to report on in its annual report.
- (3) If the annual report must contain annual financial statements under subsection (2)(e), the annual report must also contain, in respect of the financial year after the financial year to which the annual report relates, **forecast financial statements for the specified agency** that comply with section 45BA.
- (4) The annual report must identify the specified agency's host or relevant department.

Statement of responsibility in relation to specified agencies

Statutory requirement: Section 45 CA of the PFA

- (1) A statement of responsibility relating to the annual report of a specified agency must include—
- (a) a statement that, in the opinion of the specified agency's chief executive, the annual report fairly reflects the operations, progress, and organisational health and capability of the specified agency; and
 - (b) if the annual report contains statements of expenses and capital expenditure, —
 - (i) a statement of the responsibility of the specified agency's chief executive for the preparation of the statements of expenses and capital expenditure and for the judgements expressed in them; and
 - (ii) a statement of the responsibility of the specified agency's chief executive for ensuring that end-of-year performance information on each appropriation administered by the specified department is provided in accordance with sections 19A to 19C, whether or not that information is included in the annual report; and
 - (c) if the annual report contains financial statements, —
 - (i) a statement of the responsibility of the specified agency's chief executive for the preparation of the financial statements and for the judgements expressed in them; and
 - (ii) a statement that, in the opinion of the specified agency's chief executive, the financial statements fairly reflect the financial position and operations of the specified agency for the reporting period; and
 - (iii) a statement that, in the opinion of the specified agency's chief executive, the forecast financial statements fairly reflect the forecast financial position and operations of the specified agency for the financial year to which the forecast financial statements relate; and

- (d) if the annual report contains statements of expenses and capital expenditure or financial statements (or both), a statement of the responsibility of the specified agency's chief executive for having in place a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting; and
 - (e) a statement of the responsibility of the specified agency's chief executive for the accuracy of any end-of-year performance information prepared by the specified agency (see section 19A), whether or not that information is included in the annual report.
- (2) The statement of responsibility must be signed and dated by the chief executive of the specified agency.

Annex 6 – Treaty Settlement Obligations Reporting Example

Below an example of Treaty settlement commitments reporting from Te Arawhiti. Use this example, changing the data as appropriate, for consistency of reporting across the Crown. Te Arawhiti will include more information on the system lead role in their annual report.

The reporting example is written in the “first person” (i.e. using *we* and *our*) to mirror the language used in the [2022/23 Te Arawhiti annual report](#).

The “Sustain” section of the Te Arawhiti 2022/23 annual report has an overview section on He Korowai Whakamana (HKW) on page 17. This section provides some useful background and context on HKW, and this may be useful introductory text that can be adapted and utilised in your 2023/24 annual reports and beyond.

Reporting on Treaty Settlement Commitments

He Korowai Whakamana, a Cabinet agreed framework, enhances the Crown’s accountability for its Treaty settlement commitments. *He Korowai Whakamana* requires core Crown agencies to record and track the status, and report annually on, their settlement commitments. Te Arawhiti is the lead agency and is responsible for tracking the Crown’s overall progress with delivering on Treaty settlement commitments.

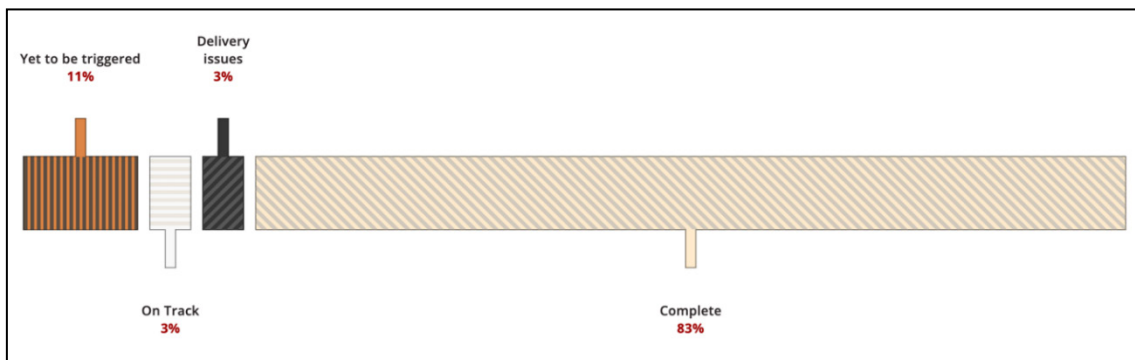
In 2023, core Crown agencies used *Te Haeata – the Settlement Portal* to record whether each of their commitments is *complete*, *on track*, *yet to be triggered* or has *delivery issues*.

As part of *He Korowai Whakamana*, core Crown agencies will report on the status of their settlement commitments from financial year 2023/24.

The status of Te Arawhiti Treaty settlement commitments

As the lead agency responsible for negotiating the settlement of historical Treaty of Waitangi claims, we are responsible for a variety of settlement commitments. This includes commitments relating to financial redress payments, the transfer of settlement properties, relationship redress, and handling tax indemnities and obligations.

As of 30 June 2023, Te Arawhiti were responsible for 2127 Treaty settlement commitments, and the status of these commitments is summarised below:



The status of Te Arawhiti Treaty settlement commitments as of 30 June 2024

Most of the commitments we are responsible for have been completed (83%) or are yet to be triggered (11%). A small proportion of our commitments (3% or 57 commitments) have delivery issues, and the most common issue relates to difficulties with finding evidence and information to support or verify the status of a commitment, especially with some of the earlier Treaty settlements. We are actively working to resolve all delivery issues.

Annex 7 – Diversity, Equity and Inclusion Minimum Reporting Expectations

Content

Departments are expected to:

- Add the link to their DEI plan or to the Kia Toipoto – Pay Gaps Action Plan and Diversity and Inclusion (D&I) Plan; or
- Advise that the DEI or D&I plan will be published on the department's external website by 15 November 2024 and include a link to their Kia Toipoto Pay Gaps Action Plan.

In the annual report departments should:

- a) Explain their vision for DEI outcomes and connections with the communities you serve, including the department's context and workforce overview relevant to DEI. Describe their commitment to implementing and maintaining Papa Pounamu and Kia Toipoto.
- b) Provide a high-level summary of DEI progress to date and priorities during the past year including challenges and future priorities. Refer to connections between DEI Programme and delivering services which meet the needs of all New Zealanders.
- c) Data – Include as many different groups as possible (given data robustness, privacy and confidentiality considerations). Larger departments could include more detail about:
 - Representation in your overall workforce and leadership
 - Pay gaps by median and mean at an organisational level. Departments should include pay gaps for women, Māori, Pacific, ethnic and disabled employees and members of Rainbow communities where possible. For guidance on calculating pay gaps see the [PSC website](#). If the department has too few employees to calculate any or all of these pay gaps, include a note to this effect.

Annex 8 – Treasury Circular 2023/09

Unrestricted Distribution

Chief Executives

Directors of Finance/Chief Accountants

Other staff with responsibility for preparing annual reports under the Public Finance Act 1989 and the Crown Entities Act 2004

Contact for Enquiries: Performance Reporting team at the Treasury
performance.info@treasury.govt.nz

GUIDANCE FOR APPLYING PBE FRS 48 SERVICE PERFORMANCE REPORTING TO ANNUAL REPORTS AND END-OF-YEAR REPORTING

Purpose

1. Public Benefit Entity Financial Reporting Standard 48 - Service Performance Reporting ([PBE FRS 48](#)) applies for the first time this year to end of year reporting. The purpose of this circular is to clarify how to apply PBE FRS 48 considering the requirements in the Public Finance Act 1989 and Crown Entities Act 2004.
2. PBE FRS 48 applies to reporting on appropriations, and/or the statement of performance. Other performance information included in annual reports on operations or progress against strategic intentions is not required to comply with PBE FRS 48, nor required to be audited.

Applicability

3. This Circular is applicable to departments, specified agencies, Crown entities, as well as Public Finance Act schedule 4 organisations and schedule 4A companies that are required to publish annual reports. This circular collectively refers to these as agencies.

Scope of PBE FRS 48

4. In the context of agencies reporting under the Public Finance Act 1989 (PFA), or the Crown Entities Act 2004 (CEA), PBE FRS 48 only applies to reporting on appropriations (departments and Crown entities) and the statement of performance (Crown entities).
5. The Treasury advises that other performance information included in annual reports on operations or progress against strategic intentions is not required to comply with PBE FRS 48, nor required to be audited.
6. While PBE FRS 48 acknowledges legislation applicable to an entity might require performance information on only some of its activities to comply with Generally Accepted Accounting Practice (GAAP), the standard does not address how such performance information is to be provided. This is due to its focus on the reporting entity's overall service performance information.

7. This means departments and Crown entities, in reporting on appropriations or classes of outputs in accordance with PBE FRS 48, may need to interpret several paragraphs of PBE FRS 48 in the context of the legislative requirements.
8. Annex One of this circular explains the rationale of this scope guidance and provides interpretation guidance for some paragraphs of PBE FRS 48.

Meaningful reporting

9. The Treasury encourages agencies to consider the overall objectives of PBE FRS 48 when producing their annual and year-end reports. Even where PBE FRS 48 does not apply, agencies are encouraged to consider whether applying the principles or other elements of the standard would make the report more meaningful to readers.

Consultation

10. The Office of the Auditor-General has been consulted in the development of this advice.

Further guidance on PBE FRS 48

11. Further guidance for departments and Crown entities can be found on the External Reporting Board's (XRB's) website at [PBE FRS 48 » XRB](#), and in the Treasury's annual report/year-end reporting guidance on the Treasury website at [Reporting: Performance \(treasury.govt.nz\)](#).

Stacey Wymer
Director Budget Management
For Secretary to the Treasury

Annex One

Background information on legislation and PBE FRS 48

The Public Finance Act 1989 (PFA) sets out the end of year reporting requirements for departments, including specifying the content of annual reports (section 45 of the PFA), and what information must be reported on appropriations (section 19A of the PFA). It includes requirements for end of year performance reporting on appropriations, which will also apply to Crown entities where they are required to report on end of year performance.

The Crown Entities Act 2004 (CEA) sets out the end of year reporting requirements for Crown entities, including specifying the content of annual reports (section 151 of the CEA), and the statement of performance (Section 153 of the CEA).

The PFA requires end of year performance reporting on appropriations be prepared in accordance with GAAP (section 19C(3) of the PFA), which includes PBE FRS 48. Similarly, the CEA requires that the statement of performance must be prepared in accordance with GAAP (section 153(a) of the CEA).

Both the end of year performance information on appropriations and the statement of performance are audited (section 45D(2)(a) of the PFA, and section 156 of the CEA), with the exclusion of section 19B reports by Ministers which are required to comply with GAAP but not audited (section 19B(2)(a) of the PFA).

The XRB is responsible for issuing accounting standards which form part of GAAP (section 12 of the Financial Reporting Act 2013). Accounting standards issued by the XRB are secondary legislation (section 25 of the FRA).

The XRB issued PBE FRS 48 Service Performance Reporting in November 2017. PBE FRS 48 applies to Public Benefit Entities, which includes government departments and Crown entities. PBE FRS 48 applies for reporting periods starting on or after 1 January 2022. Therefore, departments and Crown entities are required to comply with PBE FRS 48 for their 2022/23 annual reports onwards.

Scope of PBE FRS 48

The scope of PBE FRS 48 is set out in paragraph 3(b):

'applies to Tier 1 and Tier 2 public sector benefit entities required by legislation to provide information in respect of service performance in accordance with GAAP. If an entity is required by legislation to report service performance information on only some of its activities, this Standard applies only to those activities'.

The XRB's intention for scope paragraph 3(b) is also set out in their basis for conclusions to PBE FRS 48 in BC (basis of conclusion) 17:

'Based on feedback from respondents the NZASB refined the scope requirements for public sector PBEs to more closely link the scope with legislative requirements. For example, only some legislation requires service performance information in accordance with GAAP and legislation may require service performance information on only some of an entity's activities'.

In the context of agencies reporting under the PFA or CEA PBE FRS 48 only applies to reporting on appropriations (departments and Crown entities) and the statement of performance (Crown entities).

PBE FRS 48 contemplates legislation applicable to an entity will require performance information only on some of its activities to comply with GAAP. However, it does not address how such performance information must be provided, as it focuses on the reporting agency's overall service performance information.

When reporting on appropriations or their statements of performance in accordance with PBE FRS 48 departments and Crown entities will need to interpret several paragraphs of the standard in the context of the primary legislative requirements.

The section below provides guidance on certain paragraphs in PBE FRS 48.

PBE FRS 48 paragraphs 15a and 15b

Paragraphs 15(a) and 15(b) of PBE FRS 48 requires an entity's service performance information to provide users with:

- sufficient contextual information to understand why the entity exists,
- what it intends to achieve in broad terms over the medium to long term and how it goes about this; and
- information about what the entity has done during the reporting period in working towards its broader aims and objectives.

In addition, PBE FRS 48 paragraphs 16 to 19 provide guidance on the application of paragraph 15 which entirely focuses on the 'whole' reporting entity.

The Treasury advises other performance information included in annual reports on operations or progress against strategic intentions (sections 45(2)(a) and (b) of the PFA and sections 151(2)(a) and (2) of the CEA) is not required to comply with PBE FRS 48, nor required to be audited.

Although other performance information included in annual reports on operations or progress against strategic intentions is not required to comply with GAAP and be audited; these legislative reporting requirements mean readers of department and Crown entity annual reports will receive similar information to what is required by PBE FRS 48 in relation to the whole reporting entity.

In summary, the information prepared by entities that is required to comply with GAAP and be audited remains the reporting on appropriations, and/or the statement of performance, statements of expenses and capital expenditure (where appropriate) and financial statements.

Agencies are reminded that under auditing standard ISA 720 auditors review an agency's full annual report document. This is to ensure it is not materially inconsistent with audited information, or with other information discovered during the auditing process.

PBE FRS 48 paragraph 6

The PFA allows for departmental appropriation reporting to be in a document other than the entity's annual report, if that document is identified in the Estimates (section 15C(1)(d) of the PFA).

PBE FRS 48 paragraph 6 requires the presentation of service performance information in the same document as the financial statements of the entity. Paragraph 33 allows an entity to incorporate, by cross-reference, information outside the annual report when presenting service performance information. While PBE FRS 48 does not appear to have specifically considered the PFA allowing appropriation reporting outside of the entity's annual report, the cross-referencing option in PBE FRS 48 (under certain circumstances) is consistent with the PFA option on the location of departmental appropriation reporting.

In other words, agencies can report on departmental appropriations in a document outside the entity's annual report and cross-reference to this document in their entity's annual report.