



Annual Reports and other End-of-Year Performance Reporting

Guidance for reporting under the
Public Finance Act 1989

May 2022

Accountability and performance management cycle



© Crown Copyright



This work is licensed under the Creative Commons Attribution 4.0 International licence. In essence, you are free to copy, distribute and adapt the work, as long as you attribute the work to the Crown and abide by the other licence terms.

To view a copy of this licence, visit <https://creativecommons.org/licenses/by/4.0/>. Please note that no departmental or governmental emblem, logo or Coat of Arms may be used in any way which infringes any provision of the [Flags, Emblems, and Names Protection Act 1981](#). Attribution to the Crown should be in written form and not by reproduction of any such emblem, logo or Coat of Arms.

Internet

The Treasury URL at May 2022 for this document is
<https://treasury.govt.nz/publications/guide/year-end-reporting-depts>

Contents

1	What's new in 2022?	1
2	About this guidance	4
3	Purpose of annual reports and other end-of-year performance reporting	6
4	Roles, responsibilities and timelines	8
4.1	Roles and responsibilities	8
4.2	Key timeline considerations	9
4.3	Timeline for the annual report	10
4.4	Timeline for end-of-year performance information on appropriations	10
5	Scope of the annual report	12
5.1	Organisational coverage	12
5.2	Period covered	12
6	Annual report content – PFA requirements	13
6.1	Structure, format and style	13
6.2	General content of a departmental annual report	13
6.3	Reporting on operations, progress against strategic intentions and organisational health	14
6.4	Statements of expenses and capital expenditure	15
6.5	Annual financial statements	16
6.6	Forecast financial statements	20
6.7	Statement of responsibility	21
6.8	Other matters	22
6.9	Audit report and process	22
6.10	Content and processes for presenting and publishing	24
7	Annual report content – other requirements	27
7.1	Asset performance indicators	27
7.2	Equal Employment Opportunities (EEO)	27
7.3	Diversity, Equity and Inclusion (DEI)	28
7.4	Health and safety	28
7.5	Māori Crown Relations capability	29
7.6	Māori language planning	30
7.7	Carbon Neutral Government Programme reporting	31
7.8	Legislative requirements on some departments	33
8	End-of-year performance information on appropriations	34
8.1	Scope and content of end-of-year performance information on appropriations	34
8.2	Performance information provided by departments or specified agencies	35
8.3	Performance information provided by ministers	36

Annex 1: Annual report checklist	37
Annex 2: Disclosure for appropriations	38
Annex 3: Information for new, disestablished or restructured agencies	39
Annex 4: Information for intelligence and security departments and offices of parliament.....	40
Annex 5: Information for specified agencies	41
Annex 6: Diversity, equity and inclusion minimum reporting expectations.....	43

1 What's new in 2022?

Carbon Neutral Government Programme reporting

This is the first year for public reporting under the Carbon Neutral Government Programme (CNGP). The CNGP was launched in December 2020 and aims to accelerate the reduction of greenhouse gas (GHG) emissions within the public sector. It requires public sector agencies to measure, publicly report and reduce their emissions.

CNGP reporting requirements start this financial year (2021/22) for all departments, departmental agencies and the executive branch. Information to be publicly reported includes annual emissions, reduction initiatives, gross emissions reduction targets and progress over time. The reporting requirements are described in Section 7.7 of this guidance, and Part A of CNGP: A guide to measuring and reporting greenhouse gas emissions.¹

Good practice performance reporting guidance

The Office of the Auditor General, Audit New Zealand and the Treasury have jointly developed good practice guidance on performance reporting, based on insights and examples from recent annual reports. Departments are encouraged to review the insights and examples in the guidance and to consider in developing their reporting. The guidance is available on the Office of the Auditor General's website (<https://oag.parliament.nz/good-practice/performance-reporting>) and links to it are also on the Treasury's website and Audit New Zealand's website.

Māori Crown Relations

The Government is committed to improving services and outcomes for Māori and strengthening the Crown's relationships with Māori. Section 14 of the Public Service Act 2020 explicitly recognises the role of the public service to support the Māori Crown relationship under Te Tiriti o Waitangi/the Treaty of Waitangi.

This guidance sets out the type of content departmental Annual Reports should contain to demonstrate what work is occurring to strengthen Māori Crown Relations.

The guidance for departmental Annual Reports is focused on building Māori Crown Relations capability through Whāinga Amorangi Phase One: Empowering People, and Māori Language Planning through Te Ture mō Te Reo Māori 2016.

Further information on the reporting requirements is set out in Section 7.5.

¹ [Carbon Neutral Government Programme: A guide to measuring and reporting greenhouse gas emissions | Ministry for the Environment](#)

Diversity, Equity and Inclusion (DEI)

The Public Service must reflect and understand the communities that we are here to serve. Reporting on diversity, equity and inclusion (DEI) provides accountability and transparency on an agency's progress. All chief executives that are part of the [Public Service Leadership Team](#) have committed to implementing and reporting on progress with [Papa Pounamu](#) and [Kia Toipoto](#) at their agencies.

Last year Te Kawa Mataaho indicated that they would be strengthening the reporting process by asking agencies for more information on the impact of their Papa Pounamu progress, as well as the agency's demographic profile. *Papa Pounamu – diversity and inclusion progress across the Public Service*, published at the end of 2021, is the first report on the Public Service's overall progress on DEI. Based on an overview of annual reports of the Public Service, this report supported a focus on strengthening reporting on DEI progress and impact to give a better picture of what's going well and where we need to improve.

This Annual Report guidance will help ensure DEI reporting is done in a consistent manner. Departments must report on DEI in a stand-alone section of the Annual Report. The guidance aligns with [Section 75 of the Public Service Act](#) that requires "Chief executives ... to promote diversity and inclusiveness" and brings together the commitments relating to [Papa Pounamu](#) and [Kia Toipoto](#).

Further information on DEI reporting requirements is set out in Section 7.3 and Annex 6.

Māori Language Planning – Te Reo Māori Revitalisation

Te Ture mō Te Reo Māori 2016² created a partnership for the revitalisation of te reo Māori between the Crown and iwi and Māori.³ 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.⁴

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 [MCR-18-MIN-0012 refers].

Further information on these reporting requirements is set out in Section 7.6.

² [Te Ture mō Te Reo Māori 2016 No 17 \(as at 28 October 2021\), Public Act – New Zealand Legislation](#)

³ [Final Maihi Karauna Strategy and Implementation Approach Cabinet Paper, December 2018.](#)

⁴ [Maihi Karauna: the Crown's Strategy for Māori Language Revitalisation, 2019-2023](#)

COVID-19 impacts

Many agencies will have been impacted by COVID-19 in 2021/22 and should consider how this could be reflected in the content of their annual report. In developing their annual reports, departments should include information about any impact from the ongoing COVID-19 pandemic on their services during the year, both in terms of impacts on existing services and in respect of any new services in response to the pandemic.

In 2020 Audit New Zealand developed two bulletins on reporting in light of the impacts of COVID-19 for agencies to consider as they developed their annual reports. The bulletins provide high-level guidance to audit committees and those with responsibilities for the preparation of financial statements, performance information, or annual reports.

Bulletin Two remains relevant: [Bulletin 2: Implications of COVID-19 emergency for service performance reporting – guidance for preparers of performance information](#). Both bulletins are available on the Audit New Zealand website.⁵

⁵ <https://auditnz.parliament.nz/good-practice/public-sector-reporting>

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) and with 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 at:

<https://treasury.govt.nz/publications/guide/preparing-annual-report-crown-entities>

Intended audience

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 the “What’s new in 2022” section to understand new requirements.

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 performanceinfo@treasury.govt.nz.

Agency-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 No 44 \(as at 19 March 2022\)](#), [Public Act Contents – New Zealand Legislation](#) in particular *Part 4*, which details the legislative requirements for annual reports and reporting on what has been achieved with appropriations.

Accounting requirements and guidance

- Treasury Instructions – generally specify what chief executives of the departments of the Crown must do
<https://treasury.govt.nz/publications/guidance/treasury-instructions> (the link is to the front page not the instructions themselves as the Treasury Instructions are updated annually)
- 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 (Treasury Circular 2021/05 for the 2020/21 financial year)
<https://treasury.govt.nz/publications/guidance/treasury-circulars>
- Public Sector PBE Accounting Standards compliant model financial statements are available on the Audit New Zealand website
<https://auditnz.parliament.nz/good-practice/mfs-and-commentary>

Parliamentary requirements

- Requirements for tabling the annual report are set out in:
<https://www.parliament.nz/en/pb/papers-presented/presentation-of-papers/>

General reporting guidance from OAG and the Treasury

- *Good practice guidance – Insights and Examples from recent annual reports* (jointly from OAG, Audit NZ and Treasury)
<https://oag.parliament.nz/good-practice/performance-reporting>
- General OAG resources and guidance on performance reporting
<https://oag.parliament.nz/good-practice/performance-reporting>
- General Treasury resources and guidance on performance reporting
<https://www.treasury.govt.nz/information-and-services/state-sector-leadership/guidance/reporting-performance>

Guidance for documents reported against in the annual report

- Strategic Intentions
<https://treasury.govt.nz/information-and-services/state-sector-leadership/guidance/strategic-intentions-and-statements-intent>
- Estimates and Supplementary Estimates
<https://treasury.govt.nz/publications/guide/estimates-supplementary-estimates-technical-guide-departments>

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 or specified agencies – 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 the 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 8 provides details these requirements.

Appropriation Type	Reporter and Document
Departmental appropriations (including Departmental Capital Expenditure)	The appropriation administrator in their 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 tabled in the House
Multi Category Appropriations (MCAs) at the appropriation level and for each category	The appropriation administrator in their annual report

4 Roles, responsibilities and timelines

4.1 Roles and Responsibilities

4.1.1 The role of the Minister

The department's responsible Minister⁶ 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, 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 after the end of the financial year in the document most recently specified for that purpose in the Estimates or Supplementary Estimates.

4.1.2 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.

4.1.3 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.

⁶ Or another Minister where the information is being presented in a document containing other reports or information.

4.1.4 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 agency'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.

4.1.5 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.

4.1.6 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 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 entities,

4.2 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 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 may need to work with their auditors to ensure that the end-of-year performance information for appropriations provided can be audited and it is clear to the reader 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.

4.3 Timeline for the annual report

This table outlines the key dates that departments and Ministers 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 or, where 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; but no later than 15 working days after receiving the audit report

4.4 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.

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 (section19(A)(3)). If Parliament is not in session, the information must be presented as soon as practicable once Parliament commences	As soon as practicable after presentation to the House or within 15 working days of the audit report (if Parliament is not in session (section19A(5))
Crown entity	Not later than 15 working days after the audit report in respect of the information has been received (section19(A)(3)). If Parliament is not in session, the information must be presented as soon as practicable once Parliament commences	As soon as practicable after presentation to the House or within 15 working days of the audit report (if Parliament is not in session (section19A(5))
Appropriation Minister	Within four months after end of the financial year (section19(B)(2))	As soon as practicable after presentation to the House or within four months of the end of the financial year (if Parliament is not in session (section19B(4))

5 Scope of the annual report

5.1 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.

Departmental reports in relation to specified agencies

Note that departments are **not required** to include an assessment of any applicable specified agencies’ operations in their annual report as a specified agencies are required to report on their own operations, organisational health and progress against its host agency’s strategic intentions (as relevant to the Specified Agency). A Specified Agency’s activities are consolidated into the results of the host department in the annual financial statements and statements of expenses and capital expenditure.

Annex 5 sets out the annual reporting requirements for specified agencies.

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).

Sector information

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.

5.2 Period covered

The annual report covers the operations of the department during the preceding financial year from 1 July to 30 June. Departments are also required to include forecast financial statements⁷ and are encouraged to include comparative (trend) information from earlier years to give a fuller picture of performance over time. Comparative information will be required for service performance information reported in the 2022/23 annual report as it is part of the new standard PBE FRS 48.

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.

⁷ Sections 45(3) and 45BA of the PFA.

6 Annual report content – PFA requirements

6.1 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 is also useful.

6.1.1 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 readers 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.

6.2 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 readers can see the links between the content provided. This includes the links between the:

- financial statements
- statement of expenses and capital expenditure
- end-of-year performance information on appropriations
- other information provided on the department's operations and performance, and
- financial and non-financial information in the audited statements.

6.3 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. Although there is no prescribed format for end-of-year performance information on appropriations, this content is covered by the audit opinion and must therefore be reported in a manner that is auditable.

6.4 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 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.

6.4.1 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.

6.5 Annual financial statements

Annual financial statements are required for departments – 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.

Statutory requirement: Section 45AB of the PFA

- (1) The Minister may grant a waiver from the requirements to include the financial statements described in section 45AA(2)(e) and (3) if the Minister is satisfied that the preparation of separate financial statements by the specified agency is not justified having regard to—
- (a) the functions and operations of the specified agency; and
 - (b) the materiality of the assets, liabilities, expenditure, and revenue of the specified agency.

6.5.1 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.

NZ GAAP for departments now requires compliance with Public Sector PBE Accounting Standards as applicable to each department. Refer to the XRB⁸ or Treasury's guidance⁹ for more information about the standards.

Departments should 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.¹⁰

6.5.2 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 –

...Subject to the provisions of this Act and of any regulations made under this Act, the Treasury may—

- (1) 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.

⁸ This page provides an overview of the XRB's Accounting Standards Framework:

<https://xrb.govt.nz/standards/accounting-standards/accounting-standards-framework/>

The Accounting Standards of particular relevance include Tier 1 - for entities with public accountability or with total expenses above \$30million. These standards are available here:

<https://xrb.govt.nz/standards/accounting-standards/>

⁹ <https://www.treasury.govt.nz/information-and-services/state-sector-leadership/guidance/pbe-accounting-standards-public-sector>

¹⁰ <http://www.auditnz.govt.nz/publications-resources/public-sector-auditing/model-financial-statements/pbe-accounting-standards>.

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 2021 no such regulations existed, but Treasury Instructions do impose some additional financial reporting obligations on departments.¹¹ 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.

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 (Treasury Instruction in section 6.2.1.2). 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 6.6.

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.¹²

6.5.3 Financial statement comparisons

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

In previous years, the majority of departments chose to present a comparative column within the financial statements displaying the numbers submitted to the Treasury for the Supplementary Estimates exercise. This column has always been optional. When choosing whether to include an additional column, departments should consider the usefulness and relevance to the reader of the information in the additional column.

¹¹ Treasury Instructions can be found at: <http://www.treasury.govt.nz/publications/guidance/instructions>

¹² Refer to Audit New Zealand's model financial statements for departments
<http://www.auditnz.govt.nz/publications-resources/mfs-under-new-pbe-standards/govt-dept/index.htm>

6.5.4 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.

6.5.5 Memorandum accounts

Mandatory: 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.

6.5.6 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.

6.6 Forecast financial statements

Statutory requirement: 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.

Forecast financial statements to be presented in a department's annual report should be those submitted to the Treasury for the purposes of consolidation into the Budget Economic and Fiscal Update (BEFU: exercise 684, OY1). The numbers should represent the forecast for the period, as distinct from the appropriation (upper limit) numbers. This approach reconciles the requirements of section 45BA of the PFA, which requires forecasts to be produced, with the requirements of section 45B(2)(a) of the PFA, which requires reporting against forecasts prepared at the start of the financial year.

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 2020 (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 readers (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 (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.

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

6.7 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.

6.8 Other matters

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

A department's annual report 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.

6.9 Audit report and process

The Auditor-General, or his appointed auditor, is required to provide an audit report for inclusion in the department's annual report. The legislative timetable for the audit is explained in section 4.3. The auditor will send a copy of their report to be included in the department's annual report.

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 requirements¹³, 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.¹⁴

¹³ 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.

¹⁴ 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.

6.9.1 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 that information to the Auditor-General.
- (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. Disestablished departments may have some extra time (see Annex 3). 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 Public Finance Act 1989.

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.¹⁵

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.

6.10 Content and processes for presenting and publishing

6.10.1 Requirements for publication

Departments must place a copyright statement on their annual reports and are also encouraged to insert a licence setting out the terms by which this copyright work can be re-used.¹⁶

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.

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.

Please contact opendata@stats.govt.nz for further information.

¹⁵ 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.

¹⁶ <https://www.data.govt.nz/toolkit/policies/nzgoal/>

6.10.2 Requirements for 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.

6.10.3 Presenting the annual report

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 ministers¹⁷ must table the annual report in the House **no later than 15 working days** from the time the audit report is signed unless the House is dissolved, as occurs preceding 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.

A department can present or 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 greater 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 – both within the document and on the cover (section 44(5) of the PFA).

¹⁷ 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).

Once annual reports of departments and Offices of Parliament 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 section 'Presenting papers to the House of Representatives'¹⁸. The information covers requirements such as the size, number of copies and delivery requirements for papers presented to the House.

Departments can present and publish their annual report in a document containing other reports or information provided by the department or by others. This flexibility allows departments to present readers with a more complete picture of performance where multiple departments work towards the same outcomes. It also allows departments to present their annual reports along with their strategic intentions or other documents in a single document.

When utilising this flexibility, departments must ensure that their intentions are signalled at latest in the Supplementary Estimates and **that all reports are separately identifiable both within the document and on its cover.**

6.10.4 Publishing the annual report

Statutory requirement: Section 44(4) of the PFA

- (4) A department must publish its annual report and any applicable 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 audit 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.

6.10.5 Electronic and other copies

The PFA allows the Minister of Finance to specify minimum requirements¹⁹ for the publication of annual reports, but this power has not been exercised to date. However, the New Zealand Government Web Accessibility Standards²⁰ requires that all agencies publish on their websites any public documents required by statute (including annual reports) in HTML format. Making annual reports available in Adobe PDF format is optional.

Questions about New Zealand Government Web Standards should be directed to web.standards@dia.govt.nz

¹⁸ <https://www.parliament.nz/en/pb/papers-presented/presentation-of-papers>

¹⁹ Section 80A(3) and Section 81(1)(ac).

²⁰ <https://www.digital.govt.nz/standards-and-guidance/design-and-ux/accessibility/>

7 Annual report content – other requirements

7.1 Asset performance indicators

Mandatory: Cabinet Office Circular CO(19)6 *Investment Management and Asset Performance in the State Services*

Expectations relating to reporting on investment performance by agencies.

Paragraph 76: Agencies must report on relevant asset performance indicators in their Annual Reports.

Cabinet Office Circular CO(19)6 requires agencies to report appropriately on asset performance in annual reports.

Consistent with recent guidance on annual reports, investment-intensive agencies are expected to publish relevant information on asset performance indicators for critical and key assets in their annual reports. Agencies that are not classified as investment-intensive are not required to include asset performance indicators in their annual reports.

Details of this requirement and guidance on asset performance reporting is available on the Treasury website: <https://treasury.govt.nz/information-and-services/state-sector-leadership/cross-agency-initiatives/asset-performance-reporting>

7.2 Equal Employment Opportunities (EEO)

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

The chief executive of a Department 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 to report in their annual 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 2020.

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

7.3 Diversity, Equity and Inclusion (DEI)

Te Kawa Mataaho Public Service Commission provides guidance on the content of departmental annual reports in relation to DEI. Section 75 of the Public Service Act (the Act) requires “Chief executives ... to promote diversity and inclusiveness.”

All chief executives have committed to implementing and reporting on progress with Papa Pounamu and Kia Toipoto at their agencies. Last year Te Kawa Mataaho indicated that it would be strengthening reporting and asking departments for more information on their demographic profile as well as the impact of their Papa Pounamu progress.

DEI must be covered as a stand-alone section, including:

- Papa Pounamu
- Kia Toipoto
- Demographic profile

The tables in Annex 6 set out the minimum reporting expectations for these three parts. They also provide suggestions for how departments can exceed the minimum expectations, recognising some agencies are further along in their DEI journey.

Departments may wish to highlight other specific commitments the department has made such as the Accessibility Charter, the Panel Pledge, etc. Departments can also include memberships to Champions for Change, Rainbow Tick etc.

7.3.1 DEI reporting in the 2022/23 Annual Report

Te Kawa Mataaho Public Service Commission expects departments to include more information in their 2022/23 Annual Report on the impact of Papa Pounamu initiatives and support this with evidence, including data. Departments will also be asked to provide more information on the demographic profile of their department including a breakdown by multiple metrics. For leadership, this will include a breakdown across leadership levels by gender and ethnicity.

7.4 Health and safety

The Health and Safety at Work Act 2015²¹ 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 department agency and sector performance.

Public service departments should **consider** including in their annual reports how they manage health and safety. This may be included under Section 45(2)(c) or 45(2)(g) of the PFA.

Departments should consider describing:

- the Department’s critical health and safety risks, how these risks are managed and what progress has been made in the reporting year
- how workers have been engaged in health and safety

²¹ <https://www.legislation.govt.nz/act/public/2015/0070/latest/DLM5976660.html?src=qs>

- the Department's health and safety governance arrangements, including how officers have met their duties.

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
- major incidents.

The Government Health and Safety Lead²² (GHSL) has identified the Inland Revenue 2018/19 Annual Report (pages 57 and 58) as a good example.²³

Useful resources:

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

<https://www.safeworkaustralia.gov.au/doc/measuring-and-reporting-work-health-and-safety>

New Zealand Stock Exchange Corporate Governance Code 2017

<https://www.nzx.com/files/attachments/257864.pdf>

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

<https://www.iosh.co.uk/Books-and-resources/IOSH-reporting-performance-policy.aspx>

7.5 Māori Crown Relations capability

Te Arawhiti is the system lead for the Māori Crown Relationship and provides guidance on the content of Departmental Annual Reports in relation to Māori Crown Relations. Section 14 of the Public Service Act 2020 (the Act) places explicit responsibilities on public service leaders to build and maintain the capability of the public service to engage with Māori and understand Māori perspectives.

Māori Crown Relations capability is **expected** to be covered in a stand-alone section. 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 capability and that of their people:

- Whāinga Amorangi Phase One: Empowering People, and
- Māori Language Planning.

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

²² <https://www.healthandsafety.govt.nz/>

²³ <https://www.ird.govt.nz/-/media/project/ir/documents/about-us/publications/annual-and-corporate-reports/annual-reports/annual-report-2019.pdf>

7.5.1 Whāinga Amorangi Phase One: Empowering People

In February 2021 all 36 public service 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 agency to do the same. The plan for the agency will include outcomes, aspirations, actions, measures and timeframes for building the capability of your people. The priority focus for the first year is on building capability in Te Reo Māori (reported separately through your Māori Language Planning) and New Zealand history/Treaty of Waitangi literacy, at a minimum.

7.5.2 Agency progress

Departments should summarise their Whāinga Amorangi Phase One plan and outline progress on its implementation. This should describe the numbers and percentages of people that have undertaken capability building and how they have built their capability.

This should include what capability building has been provided in the priority areas of Te Reo Māori (reported separately through your Māori Language Planning) and New Zealand history/Treaty of Waitangi literacy, as well as any additional capability areas provided in the Māori Crown Relations Capability Framework, including:

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

Any barriers to implementing your agency's Whāinga Amorangi Phase One plan should be described and what steps are being taken to mitigate these barriers included. To see progress year on year, departments should summarise and provide data on their people's current Māori Crown relations capability level. Departments can use data specific to them from Te Taunaki Public Service Census 2021.

Departments may like to profile specific Māori Crown relations capability building activities that have meaningfully impacted their people's practice.

7.6 Māori language planning

Te Ture mō Te Reo Māori 2016²⁴ created a partnership for the revitalisation of te reo Māori between the Crown and iwi and Māori.²⁵ 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.²⁶

²⁴ *Te Ture mō Te Reo Māori 2016 No 17 (as at 28 October 2021), Public Act – New Zealand Legislation*

²⁵ *Final Maihi Karauna Strategy and Implementation Approach Cabinet Paper, December 2018*

²⁶ *Maihi Karauna: 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 [MCR-18-MIN-0012 refers].

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
- how learnings from Te Taunaki/Public Service Census 2021 (and/or any other whole of agency information collection) have influenced the Māori language goals and activities of the department
- (if the department has not developed a te reo Māori language plan) what (if any) language revitalisation activities the agency has undertaken in 2021/22 including the percentage of staff who have signed up to te reo training and at what levels.

It is intended that this section of the guidance will be refreshed each year to reflect public sector progress.

7.7 Carbon Neutral Government Programme reporting

Mandatory: 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.

All government departments, departmental agencies and the executive branch²⁷ must report under the Carbon Neutral Government Programme (CNGP) from the 2021/22 financial year, which includes adding information in the 2021/22 annual report.

The 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.

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 about the CNGP can be found [here](#). Every organisation in the CNGP has a designated CNGP contact(s), who will be the key contact for the detailed information required for inclusion in the annual report.

7.7.1 CNGP reporting requirements

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

Table 2 (page 9-10) of [CNGP: A guide to measuring and reporting 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 (July-June), reported as total tonnes of carbon dioxide equivalent units (tCO ₂ e)
Emissions profile broken down by emissions source/scopes (tCO ₂ e)
Full-time equivalent of staff (FTE)* in the reporting period (based on what is reported in your organisation's annual report)
Total expenditure* in the reporting period (based on what is reported in your organisation's annual report)
2025 and 2030 gross emissions reduction targets (%) – this must be a combined total across all scopes/sources, and can also be broken down by scope/source
Progress towards 2025 and 2030 targets compared to base year (%)
Qualitative commentary on results: the agency must explain <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.

²⁷ See: [New Zealand's central government organisations](#)

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 8-10 of [CNGP: A guide to measuring and reporting greenhouse gas emissions](#).

7.7.2 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.

Detailed guidance for CNGP agencies on emissions reporting and verification is available here: [CNGP: A guide to measuring and reporting greenhouse gas emissions](#).

7.7.3 Verification of emissions reporting

The CNGP recommends independently verifying emissions information to be included within your organisation's annual report. See pages 21-22 of the [CNGP: A guide to measuring and reporting greenhouse gas emissions](#) for details.

Note that the Auditor-General, through his Appointed Auditors, provides independent assurance over financial and performance information in annual reports. Appointed Auditors are required by auditing standards to consider all information in annual reports (including the CNGP reporting) for consistency with the audited financial and performance information. Auditors also consider other knowledge obtained in the audit and any indication that the information may be materially misstated. Departments should talk to their auditor about the reporting they are providing under the CNGP.

Recognising this is the first year of emissions reporting for many organisations, the Programme Lead's position is that unverified emissions data is permissible, but not preferred, within 2021/22 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, the data must be verified (including for your base year emissions data). See pages 8-10, 14 and 21-22 of [CNGP: A guide to measuring and reporting greenhouse gas emissions](#) for details, including for where allowances are made.

For any questions about the CNGP requirements, please contact cngp@mfe.govt.nz.

7.8 Legislative requirements on some departments

Some departments are required by legislation to include additional content in their annual report. For example, section 101 of the Policing Act 2008 states that 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 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.

8.1 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 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 6.4 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.

8.2 Performance information provided by departments or specified agencies

Where a department or Specified Agency 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).

Departments are also encouraged to link appropriation performance information to their progress against their strategic intentions and the achievement of outcomes.

Performance information provided by a department or specified agency for appropriations (both financial and non-financial) is audited and this must be clear to the reader.

8.2.1 Compliance with Public Benefit Entity Financial Reporting Standard 48 (PBE FRS 48)

In 2017, the External Reporting Board (XRB) released a new standard for service performance reporting – Public Benefit Entity Financial Reporting Standard 48 (PBE FRS 48). The objective of the new standard is to establish principles and requirements for an entity to present service performance information that is useful for accountability and decision-making purposes in a general purpose financial report.

The new standard is available on the XRB website²⁸. BDO have produced a useful one-page overview of the new standard, which provides an accessible summary of the key elements.²⁹

The standard is effective for reporting periods starting **on, or after, 1 January 2022**. Departments will need to apply the new standard for their **2022/23** annual reports, although early adoption is allowed.

The Treasury **encourages** departments to consider the new standard in developing their 2021/22 annual report, and in reporting on end-of-year performance information on appropriations.

²⁸ <https://www.xrb.govt.nz/accounting-standards/not-for-profit/pbe-frs-48/>

²⁹ http://www.bdo.nz/BDO_NZ/media/bdo/PBE-FRS-48.pdf

In December 2020 the Treasury released guidance, *Improving External Performance Reporting*,³⁰ which includes prompts to help consider and apply the new standard. In December 2021, the Treasury released guidance on how agencies could reflect the standard in the Estimates documentation and/or the statements of performance expectations³¹.

Principles (adapted from the BDO one-page overview)

An entity must present service performance information that is useful for accountability and decision-making purposes in the same report as the financial statements.
Presentation of service performance information together with financial statements enables users to make assessments of the entity's performance.
In selecting and presenting service performance information an entity applies the qualitative characteristics (relevant, faithful representation, understandability, timeliness, comparability, and verifiability) of information and the pervasive constraints (materiality, cost-benefit and balance between the qualitative characteristics).
Application of the qualitative characteristics and appropriating balancing of the constraints on information results in service performance information that is appropriate and meaningful to users.

8.3 Performance information provided by ministers

Unlike performance information prepared by departments and Crown entities, Ministers' reports are **not audited**.

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 in the document specified for this purpose in the Estimates or Supplementary Estimates (section 19B(2)). The information must be published as soon as practicable following presentation (section 19B(3)). Ministers' reports are presented to the House by the relevant appropriation Minister as identified in the Estimates or Supplementary Estimates.

8.3.1 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).

8.3.2 Banner

Ministers' reports are presented to the House of Representatives pursuant to section 19B of the Public Finance Act 1989. 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.

³⁰ [Improving External Performance Reporting \(treasury.govt.nz\)](https://treasury.govt.nz/publications/external-performance-reporting)

³¹ [Service performance reporting standard \(PBE FRS 48\): Guidance for 2022/23 Estimates and statements of performance expectations \(treasury.govt.nz\)](https://treasury.govt.nz/publications/external-performance-reporting)

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.

General content	
Statement of responsibility – signed by CEO (section 6.7)	
Audit report (section 6.9)	
An assessment of the department's operations (section 6.3)	
An assessment of a department's progress in relation to its' strategic intentions (section 6.3)	
Information about the department's management of organisational health and capability (section 6.3)	
Any other performance information (sections 6 and 7)	
Reporting on EEO (section 7.2)	
Reporting on Diversity, Equity and Inclusion (section 7.3)	
Audited information	
Financial Statements required under GAAP (section 6.5)	
Statement of commitments (section 6.5.2)	
Statement of contingent liabilities and contingent assets (section 6.5.2)	
Statement of cost accounting policies (section 6.5.2)	
Non-departmental schedules (section 6.5.2)	
Actual figures from the previous year for comparison (section 6.5.3)	
Forecast financial statements for the following financial year (section 6.6)	
Statements of Expenses and Capital Expenditure (section 6.4)	
Any other information needed to reflect financial operations or fiscal position (section 6.5.6)	
Memorandum Account disclosure (section 6.5.5)	
End-of-year performance information on appropriations, where required to be included in the annual report (section 8)	
Process requirements	
Presented to Parliament within the correct timeframes (section 6.10.3)	
Published within the correct timeframes (section 6.10)	
Consistent with presentational requirements (section 6.10)	

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 a number of 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. 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:

- if 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 (see section 3.4)
 - an audit report on those statements
- the entity must, as soon as practicable 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 performanceinfo@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 each department's enabling legislation³² and differ via section 45E of the PFA, in a number of ways from standard departmental annual reporting requirements. In particular, the legislation provides that:

- an annual report may not contain all the financial statements required by GAAP (if the Minister is satisfied that they still fairly reflect the department's financial operations and financial position), but otherwise conforms with the content requirements of the PFA
- performance information is not required for appropriations
- the Minister immediately forward this annual report to members of the Intelligence and Security Committee established under legislation for the purpose, 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, as well as the departments financial statements (other than 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.

³² Respectively s.4J of the NZSIS Act 1969, and s.12 of the GCSB Act 2003.

Annex 5: Information for specified agencies

The following describes the annual reporting requirements for specified agencies. The Public Service Act 2020 created organisation forms that are collectively called Specified Agencies. The additional Specified Agencies are Interdepartmental Executive Boards, Interdepartmental Ventures and Joint Operational Agreements.

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.

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 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
 - (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: Diversity, equity and inclusion minimum reporting expectations

Part 1 – Papa Pounamu

When reporting on Papa Pounamu, agencies must focus on the impact achieved for each commitment and where possible include:

Impact	<ul style="list-style-type: none"> • Statement about the strategic approach the department has taken to focus its efforts (eg, a summary of the departments equity, diversity and inclusion plan and/or a link if it has been published publicly, executive sponsor, how the department you are collaborating – for counter terrorism agencies this includes how they are also working as a collective, how they are improving data collection, key initiatives to enhance workforce and leadership composition, etc). • Statement about the impact of the Papa Pounamu commitments and broader equity, diversity and inclusion work programme for the department. This can include supporting data (eg, what improvements there are in recruitment processes to encourage diverse people to apply, how the department works on retention of diverse talent, what career development and progression departments make available to support their people, steps taken for equitable pay, etc). • Statement about the impact on workplace experience of the departments people and can be substantiated with evidence (eg, improvements to inclusive environments and belonging, the departments Te Taunaki results for ‘feeling accepted as a valued member of the team,’ etc). • Statement about impact on service delivery and/or client experience of service (eg, improvements in client feedback and satisfaction, etc).
Addressing Bias	<ul style="list-style-type: none"> • A key element when reporting on addressing bias, is to reflect on the impact of the work taken to address bias. For example, when reporting on what change this focus has brought to the organisation, consider examples related to the changes made in your organisational context. • Departments can include how the agency keeps the awareness of bias and its relationship to discrimination in their day-to-day operations, policies and practices. For example, how to keep staff aware of bias and its impact on their work, “<i>we have conversation starter resources for people leaders to use with their teams</i>”; “<i>after staff complete learning modules which are done through team cohorts, we ask cohorts to discuss what this means for the work we are involved with</i>”. • Departments can report on the % of people who have engaged in training this year, cumulative % of workforce who have had training and plans to cover any remaining staff without training. • If the impact is unclear or the department is developing the programme options, it can report on plans to roll out programmes, expected numbers, intended impact and how it will determine impact.

Part 1 – Papa Pounamu

When reporting on Papa Pounamu, agencies must focus on the impact achieved for each commitment and where possible include:

Cultural Competence	<ul style="list-style-type: none"> • Key to reporting on cultural competency is reporting on impact of any awareness/training. • When showing impact, the department can use examples to illustrate the impact of any changes. For example, <i>“staff completing the (named) programme reported having an understanding and tools to navigate different cultural situations. This allowed for understanding and appreciation of different perspectives within a team context”</i>. • If the impact is unclear or the department is developing the programme options, it can report on plans to roll out programmes, expected numbers, intended impact and how it will determine impact. • Statement about any action to embed learning in policies and practices. • % of people who have engaged in training this year to build cultural competence and how many have completed the training – includes training embedded into core learning and development. • % of people who have engaged in training in previous two years as a percentage – includes training embedded into core learning and development.
Inclusive Leadership	<ul style="list-style-type: none"> • Report on the impact of inclusive leadership training to the department. • When reporting, the focus should be total number of leaders who have completed the training and the % of current leadership cohort who have completed any training. Consider including leaders who have completed similar training in other agencies. • When reporting on this area, consider how this awareness is built into the day-to-day practice of leaders. • If the impact is unclear or the department is developing the programme options, it can report on plans to roll out programmes, expected numbers, intended impact and how it will determine impact.
Building Relationships	<ul style="list-style-type: none"> • Report on any new or ongoing action taken by the agency to build positive and inclusive relationships.
Employee-led Networks	<ul style="list-style-type: none"> • List the employee-led networks (ELNs) in your agency. • The maturity of an ELN is reflected in the types of work it does. You can provide examples of the work that ELNs are doing and the impact this has delivered. • To illustrate the maturity in the relationship between the agency and the ELN, the department can provide examples of how both parties work together, or/and how the department has responded to recommendations from an ELN. • If there are low numbers of ELNs in relation to the departments size, report on what the department will do to increase the numbers of ELNs.

Important notes

Calculate % as the number of people divided by agency headcount as at 30 June 2022.

If unable to report training engagement/completion as a %, use the categories ‘most’, ‘more than half’, ‘less than half’, ‘few’. Provide a statement about any reporting expectations that the department cannot meet and what measures are being put in place to increase impact.

Part 2 – Demographic Profile

When reporting on demographic profile, agencies must include:

Impact	<ul style="list-style-type: none"> Statement about representation across all levels of the department compared to the previous year/s Statement about representation across T1-3 of the department compared to the previous year/s 		
Workforce	Ethnicity <ul style="list-style-type: none"> % European % Māori % Pacific % Asian % MELAA % Other Ethnicity 	Gender <ul style="list-style-type: none"> % Male % Female % Another gender For more information see the standard .	Disability <ul style="list-style-type: none"> Where available, report on disability as a %. For more information, see the standard .
Leadership	Ethnicity for tiers 1-3 <ul style="list-style-type: none"> % European % Māori % Pacific Peoples % Asian % MELAA % Other Ethnicity 	Gender for tiers 1-3 <ul style="list-style-type: none"> % Male % Female % Another gender 	

Where possible, agencies should also include:

	<ul style="list-style-type: none"> Further information such as breakdown by leadership levels, regional location, religion, age, sexual identity, languages spoken, etc. Further breakdown by multiple metrics eg, demographic profile across all levels of the organisation, leadership by gender and ethnicity, progression by ethnicity and/or gender, etc. Statement about what your agency has done to enhance the collection of disability data.
--	---

Important notes

- Use the [Information Standards and Guidance](#) and confidentiality rules to maintain privacy.
- Calculate % as the number of people divided by agency headcount as at 30 June 2022. Include permanent and fixed term staff, including secondees out, but excluding secondees into your agency and excluding those staff whose diversity status is unknown – round to 1 decimal point.
- Departments must provide a statement about any reporting expectations that they cannot meet and what is being put in place.

Part 3 – Kia Toipoto – Public Service Pay Gaps Action Plan 2021-24

When reporting on [Kia Toipoto](#), agencies must include:

Impact	Gender, Māori, Pacific and ethnic pay gaps by median and mean at an organisational level. ³³ If the department has too few employees to calculate any or all of these pay gaps, please include a note to this effect.
Plan	Link to departments agency's pay gaps action plan.
Progress	A statement about progress towards closing the departments pay gaps and towards meeting Kia Toipoto's milestones.

³³ For guidance on calculating pay gaps see: [Guidance Measuring and beginning to address Māori and Ethnic Pay Gaps in the Public Service](#)