

# DELWP Guide to Annual Reporting – Public Bodies

2015-16 Financial Year



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#### **Additional copies**

This guide is available on the internet as part of the Annual Reporting support module on DELWP's governance website, OnBoard, at [www.delwp.vic.gov.au/onboard](http://www.delwp.vic.gov.au/onboard)

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# 1. Introduction

## 1.1 Purpose of this guide

This guide is prepared by the Department of Environment, Land, Water and Planning (**DELWP**) to assist DELWP agencies that are required to prepare an annual report for the 2015-16 financial year in accordance with Part 7 of the *Financial Management Act 1994 (FMA)*. This requirement applies to agencies that are **public bodies**, as defined in section 3 of the FMA.

The guide provides a ‘high level’ overview of the annual reporting requirements that apply to a public body under the FMA. It focusses predominantly on the requirements that apply to a public body’s **Report of Operations**, rather than its Financial Statements. The guide summarises those requirements, identifies common errors and provides links to key source documents. These source documents (rather than this guide) should be your primary source of information for determining the requirements that apply to your agency.

Note that the requirements applicable to a body’s financial statements are not discussed in this guide. Please refer to DTF’s website for further details on these requirements.

The DELWP division that supports your agency can assist with any queries in relation to the annual reporting requirements.

## 1.2 Updates for 2015-16 financial year

There are only minor changes to the requirements affecting a public body’s report of operations for the 2015-16 financial year, as summarised below.

### 1.2.1 Financial Reporting Directions (FRDs)

Six existing FRDs have been updated and reissued by the Department of Treasury and Finance<sup>1</sup>:

- FRD 22G *Standard Disclosures in the Report of Operations* (was FRD 22F)
- FRD 8D *Consistency of Budget and Departmental Reporting* (was FRD 8C)
- FRD 30C *Standard Requirements for the Publication of Annual Reports* (was FRD 30B)
- FRD 7B *Early Adoption of Authoritative Accounting Pronouncements*
- FRD 10A *Disclosure Index*
- FRD 15C *Executive Officer Disclosures in the Report of Operations by Departments*.

All six of these FRDs apply for the 2015-16 reporting year.

There are a number of additional FRDs that are being updated by DTF with “general improvements, including formatting and editorial updates”. DTF expects to reissue these FRDs in **early June**. All will apply for the 2015-16 reporting period:

- FRD 108B *Classification of entities as for-profit* (which will become FRD 108C): Note that amendments to this FRD are currently expected to only affect Fed Square Pty Ltd.
- FRD 12A *Disclosure of major contracts*;
- FRD 100 *Financial Reporting Directions - framework*;
- FRD 102 *Inventories*;
- FRD 105 *Borrowing costs*;

<sup>1</sup> As at the date of publication of this guide.

- FRD 106 *Impairment of assets*;
- FRD 107A *Investment properties*;
- FRD 109 *Intangible assets*;
- FRD 110 *Cash flow statements*;
- FRD 114A *Financial Instruments – General Government Entities and Public Non-Financial Corporations*;
- FRD 116 *Financial instruments – Public Financial Corporations*;
- FRD 117 *Contributions of existing non-financial assets to third parties*; and
- FRD 118B *Land under declared roads*.

In addition, FRD 104 *Foreign currency* is under review to determine whether it is still required.

These changes will be communicated to all CFOs once approved.

DTF expects to release FRD 120I *Accounting and reporting pronouncements applicable to the 2014-15 reporting period* (will become FRD 120J, in **July 2016**, consistent with previous practice).

See 6.4 for details of reissued FRDs.

No **new** FRDS have been (or will be) issued for the 2015-16 reporting year.

### 1.2.2 Model Report

DTF issued the *2015 Model Report for Victorian Government Departments* on **18 April 2015**. For details on the Model Report, see Chapter 4 of this guide.

### 1.2.3 Standing Directions

While the Standing Directions were recently updated (i.e. 2016 Standing Directions), The **2003 Standing Directions**, June 2003 (updated May 2015) **continue to apply** for the 2015-16 reporting period. Refer to Chapter 3 for further details.

### 1.2.4 Tabling Dates

Details of the **2015-16 tabling dates** for annual reports are set out in 14.2 and 14.3 of this guide.

## 1.3 Sources of annual reporting requirements

The main source of your agency's annual reporting requirements is the FMA. Additional reporting requirements may apply under:

- your agency's establishing Act,
- any statement of obligation, statement of expectations or Ministerial Directions applicable to your agency;
- other legislation (e.g. the *Freedom of Information Act 1982*)
- Premier's Circulars; and
- your agency's business or corporate plan (i.e. if it contains key performance indicators, against which your agency is required to report its progress).

### 1.3.1 Financial Management Act 1994

Victorian public bodies must comply with financial management and reporting requirements, including annual reporting under the *Financial Management Act 1994*.

Part 7 of the FMA requires government departments and public bodies to prepare an annual report which, in most circumstances, is tabled in the Parliament.

- **Standing Directions:** are issued by the Minister for Finance, pursuant to section 8 of the FMA and detail how the requirements of the FMA must be implemented. These Standing Directions have legislative force. **Standing Directions 4.2, 4.5.5, and 2.2(f) and (g)**, in particular, contain additional obligations that a department or public body must comply with in order to fulfil their annual reporting obligations under Part 7 of the FMA. (For details, see Chapter 3)
- **Financial Reporting Directions (FRDs):** When preparing an annual report, your agency must comply with Financial Reporting Directions (FRDs) issued by the Minister for Finance. (For details, see Chapter 6)
- **Model Report:** It is best practice for public bodies to present their annual reports in accordance with the guidance provided in the model report issued each year by DTF. (For details, see Chapter 4 of this guide.)

### 1.3.2 Establishing Act

Agencies may have reporting requirements under their establishing Act, in Statements of Obligation, Statements of Expectations or in Ministerial Directions. These are *in addition* to any FMA requirements that apply to the agency. These requirements are not dealt with in this guide. If you have questions about these requirements, please contact the DELWP division that supports your agency.

### 1.3.3 Other Acts

Other legislation may impose annual reporting requirements on your agency, for example:

Act	See in this guide
<i>Freedom of Information Act 1982</i>	11.6
<i>Building Act 1983</i>	11.7
<i>Victorian Industry Participation Policy Act 2003</i>	11.1
<i>Protected Disclosures Act 2012</i>	11.9
<i>Financial Management Act 1994</i>	-

Please note that the *Carers Recognition Act 2012* only applies to departments.

### 1.3.4 Premier’s Circulars

From time to time, the Premier issues **Premier’s Circulars**, which are a statement of policy with which the Premier agrees.<sup>2</sup> Currently, the only Premier’s Circular that is relevant to your agency’s annual reporting obligation is [Premier's Circular 2012/01 \('Tabling of Annual Reports'\)](#). This sets out the expected dates for Ministers to table departmental and portfolio agency annual reports. (For details, see 14.3 of this guide).

## 1.4 Definition of a ‘public body’

Many DELWP agencies are “public bodies” for the purposes of the FMA. Agencies that are not “public bodies” are generally purely advisory bodies that are unincorporated and do not manage or control any public finances or assets.

<sup>2</sup> Premier Circular 2002/2 ('Use of Premier's Circulars')

Section 3 of the FMA defines **public body** as being either:

(a) *“a **public statutory authority**;*

(b) *a State business corporation or State body within the meaning of the State Owned Enterprises Act 1992;*

.....

(c) *a body, office or trust body established —*

(i). *by or under an Act or enactment; or*

(ii). *by the Governor in Council or a Minister—*

*and that is declared by the Minister for Finance, by notice published in the Government Gazette, to be a body or office to which Part 7 applies.”*

Most DELWP agencies that are public bodies for the purposes of the FM Act are ‘public statutory authorities’. A “**public statutory authority**” for the purposes of paragraph (a) of the definition of “public body”, is generally accepted to mean a legal entity established by legislation, for a public purpose.

To check whether it is a public body, your agency can contact the DELWP division that supports your agency.

## 1.5 Symbols used



Caution. This requirement or matter discussed has caused problems for bodies in the past.



A tip or recommendation designed to enable your agency to achieve a better outcome or disclosure in respect to the matter discussed.

**NEW**



A new disclosure or requirement, for this reporting period.

## 2. Annual reports – the basics

### 2.1 Purpose of an annual report

An annual report is the principal means by which Victorian government departments and public bodies demonstrate to parliament, the government and the Victorian public that their accountabilities have been met – in the case of your agency, that its functions are being discharged to the required standard in accordance with its **governance framework** (i.e. the laws, government policies and other obligations that bind the agency).<sup>3</sup>

### 2.2 Structure of an annual report

An annual report consists of two parts: a **report of operations** and **financial statements**, as well as appendices. The **model report** issued by DTF (see Chapter 4 of this guide) contains an example of how to prepare each of these parts of the annual report.

Requirement	Model report
Report of operations	Model report of operations ( <b>MRO</b> )
Financial statements	Model financial statement ( <b>MFS</b> )

#### 2.2.1 Report of Operations – general requirements

Standing Direction 4.2(g) states that the Report of Operations should:

- include **qualitative** and **quantitative** information on the agency's **operations**;
- be prepared on a basis **consistent** with the agency's financial statements; and
- provide readers with general information about the agency and its activities; **operational highlights** for the reporting period; **future initiatives**; and other relevant information not included in the financial statements.

Information and analysis in the report of operations should be:

- balanced and objective;
- free from bias and complete; and
- even-handed (i.e. deal with both the positive and negative aspects of operations, financial condition, risks and opportunities).

#### 2.2.2 Report of Operations - Structure

The **MRO** adopts the general structure for its report of operations set out in the table on the following page. However, the commentary in the MRO makes it clear that the contents and structure of a department's or a public body's report of operations will vary, depending on the nature of activities carried out by that department or public body.

Your agency may choose where in the Report of Operations it reports disclosures, provided that it complies with all relevant reporting directions and legislation. However while there is some flexibility in the exact order in which disclosures can be reported in your agency's report of operations, it is strongly recommended that you do not deviate much from the order of the disclosures in the MRO, and the headings for disclosures used in the MRO or this guide.

<sup>3</sup> For an introductory guide to the role of the agency and the duties and standards of conduct required of board members, see the *DELWP guide to good governance – board members*, which is available from the DELWP governance website **On Board** ([www.depi.vic.gov.au/onboard](http://www.depi.vic.gov.au/onboard)).

Section of MRO	Title of a disclosure – for a Department	Main source of requirement	Title of a disclosure – for a DELWP Agency (if different to a Department)	See in guide
<b>Accountable Officer's declaration</b>	<b>Accountable Officer's declaration</b>	SD 4.2(j)	<b>Responsible Body's declaration<sup>4</sup></b>	3.1.1
<b>Section 1: Year in Review</b>	<b>1. Vision, Mission, Values</b>	MRO	same	-
	<b>2. Secretary's report</b>	None	<b>Chairman's Report</b>	8.1
	<b>3. Manner of establishment &amp; responsible Minister/s</b>	FRD 22G	same	8.3
	<b>4. Nature &amp; range of services provided</b>	FRD 22G	same	8.4
	<b>5. Objectives, functions, powers &amp; duties</b>	FRD 22G	same	8.5
	<b>6. Structural changes to the Department during 2015-16</b>	SD 4.2(k) & FRD 8C (depts.)	N/A	8.7
<b>PERFORMANCE REPORTING – NON-FINANCIAL</b>				
	<b>7. Departmental objectives, indicators and outputs</b>	FRD 22G, FRD 8C (depts.) & MRO	N/A	N/A
	<b>8. Reporting progress towards achieving departmental objectives in the Report of operations</b>	FRD 8C (depts.)	N/A	N/A
	<b>9. Performance against output performance measures</b>	FRD 22G & MRO (& FRD 27C – for water corps)	<b>Performance against objectives</b> (incl. <b>Performance against key performance indicators (non-financial)</b> )	8.6
	<b>10. Key Initiatives &amp; Projects</b>	FRD 22G	<b>Key Initiatives &amp; Projects</b>	6.4 & 8.7
	<b>11. Discontinued operation</b>	SD 4.2(k) / FRD 8C (depts.)	<b>Structural changes to [Agency name] in 2015-16 affecting performance reporting</b>	8.7
<b>PERFORMANCE REPORTING - FINANCIAL</b>				
	<b>12. Budget Portfolio Outcomes</b>	SD 4.2(l) and (m),	N/A	N/A

<sup>4</sup> For public bodies, this declaration is made by a member of the responsible body, usually the chair.

Section of MRO	Title of a disclosure – for a Department	Main source of requirement	Title of a disclosure – for a DELWP Agency (if different to a Department)	See in guide
	<b>13. Five year financial summary</b>	FRD 22G	same	8.9
	<b>14. Current year financial review</b>	FRD 22G, MRO	same	8.9
	15. n/a	FRD 27C – (for water corps) & FRD 22G	<b>Performance against key performance indicators (financial)</b>	
	<b>16. Significant changes in financial position</b>	FRD 22G	same	8.10
	<b>17. Significant changes or factors affecting performance</b>	FRD 22G	same	8.11
	<b>18. Capital Projects [★updated]</b>	MRO	same	8.12
	<b>19. Disclosure of grants and transfer payments</b>	MRO	same	8.13
	<b>20. Subsequent Events</b>	FRD 22G	same	8.14
<b>Section 2: Governance &amp; Organisational Structure</b>	<b>21. Organisational structure &amp; corporate governance arrangements</b> <ul style="list-style-type: none"> <li>• Organisational chart</li> <li>• Senior Executives/ officers</li> <li>• Governing board</li> </ul>	FRD 22G	same	9.1 & 9.2
	<b>22. Audit committee membership and roles</b>	FRD 22G, SD 2.2(f)& (g)	same	9.3, 3.4
	<b>23. Occupational Health &amp; Safety</b>	FRD 22G & MRO	same	9.5
<b>Section 3: Workforce Data</b>	<b>24. Public Administration values and employment principles</b>	FRD 22G	same	10.1
	<b>25. Comparative Workforce Data</b>	FRD 22G FRD 29A	same	10.2
	<b>26. Workforce Inclusion Policy</b>	FRD 22G	same	10.3
	<b>27. Executive Officer data [★revised]</b>	FRD 15C (depts)	same	6.4 & 10.4
<b>Section 4: Other disclosures</b>	<b>28. Implementation of the Victorian Industry Participation Policy (VIPP)</b>	FRD 25B	same	11.1
	<b>29. Consultancy expenditure</b>	FRD 22G	same	11.2
	<b>30. Disclosure of major contracts</b>	FRD 12A	same	11.3
	<b>31. Government advertising</b>	FRD 22G	same	6.4 &

Section of MRO	Title of a disclosure – for a Department	Main source of requirement	Title of a disclosure – for a DELWP Agency (if different to a Department)	See in guide
	<b>expenditure</b> [★ revised]			11.4
<b>32.</b>	<b>Information and Communication Technology expenditure</b> [★ New]	FRD 22G	same	6.4 & 11.5
<b>33.</b>	<b>Freedom of Information</b>	FRD 22G	same	11.6
<b>34.</b>	<b>Compliance with <i>Building Act 1993</i></b>	FRD 22G	same	11.7
<b>35.</b>	<b>National Competition Policy</b>	FRD 22G	same	11.8
<b>36.</b>	<b>Compliance with the <i>Protected Disclosure Act 2013</i></b>	FRD 22G, MRO	same	11.9
<b>37.</b>	<b>Compliance with <i>Carers Recognition Act 2012</i></b>	MRO	N/A <i>(only applicable to departments)</i>	N/A
<b>38.</b>	<b>Compliance with <i>Technology Act 1991</i></b> <sup>5</sup>	Establishing Act*, MRO	<b>Compliance with [Establishing Act/ similar]</b> <sup>6</sup>	11.10
<b>39.</b>	<b>Office-based environmental impacts</b>	FRD 24C	same	11.11
<b>40.</b>	<b>Additional Departmental information available on request</b>	FRD 22G	<b>Statement of availability of other information</b>	11.13
<b>Attestation for compliance with SD 4.5.5</b>	<b>41. Attestation for compliance with SD 4.5.5</b> [★]	SD 4.5.5	same	3.2, Chapter 5.
	<b>42. Compliance with DataVic Access Policy</b>	MRO	same	11.12

### 2.2.3 Financial Statements

The MFS adopts the structure set out in the table below.

Section of MFS	Requirement	See in guide
<b>Declaration</b> (by accountable officer, CFAO and a member of the responsible body <sup>7</sup> ).	SD 4.2(c)	3.1.2
<b>Auditor-General's report</b>	<i>Audit Act 1994</i>	12.3

<sup>5</sup> Note: In the MRO, the 'Technology Act 1991' refers to a fictional Act that contains an obligation that the (fictional) department disclose certain matters in its annual report.

<sup>6</sup> For public bodies, the reference to the Technology Act 1991 should be interpreted as referring to either its establishing/ enabling Act, or any applicable Statement of Expectations or Obligations or Ministerial Directions (or similar document) that requires your agency to make disclosures in its annual report.

<sup>7</sup> See section 3.1.2 for details of when a public body may have less than 3 signatures.

## Financial Statements

SD 4.2(b) 3.1.2

- **Comprehensive operating statement**

(Referred to as an 'Income Statement' in the SDs))

See also:

- **Balance Sheet**

- **Statement of changes in equity**

(Referred to as a 'Statement of recognised income and expense' in the SDs)

- **Cash Flow Statement**

- **Notes to the financial statements**

Including:

- Note 40 Responsible Persons
  - Note 41 Remuneration of executives and payments to other personnel (i.e. contractors with significant management responsibilities)
  - Note 43 Subsequent Events
- 

SD 4.2 (a), (d),  
(e), (f)

### 2.2.4 Appendices

For ease of understanding and clarity, it is sometimes more appropriate to include detailed information in an appendix. Where this is done, the report of operations **must** still include a summary of the information, together with a **cross-reference** to the applicable appendices.

The Appendices must also include an agency's **Disclosure Index** (see chapter 7 of this guide).

### 3. Standing directions

The Standing Directions (SDs) issued by the Minister for Finance pursuant to section 8 of the FMA have legislative force and **must be complied with**.

**!** All references in this chapter are to the **2003 Standing Directions**, which continue to apply for the 2015-16 reporting period.

The **2016 Standing Directions** will come into effect on 1 July 2016. See summary of transitional arrangements relating to annual reports at the end of this Chapter.

Key SDs relevant to **annual reporting** include:

- **SD 4.2**, which sets out how the **annual reporting** requirements in Part 7 of the FMA must be met. See summary below of how SD 4.2 relates to the Report of Operations and the Financial Statements.
- **SD 4.5.5**, which **requires** a public body’s **responsible body** to ensure that the public body complies with the mandatory requirements set out in the Victorian Government Risk Management Framework (VGRMF).
- **SD 2.2(f) & (g)**, in relation to **audit committees** – see section 3.3 below and section 9.3 of this guide.

#### 3.1 Standing Directions 4.2

Standing Direction 4.2 provides details to departments and public bodies on how to comply with the annual reporting requirements under Part 7 of the FMA. A summary of these requirements (as they relate to the report of operations and financial statements) is set out in the tables below. The tables indicate (in the 3<sup>rd</sup> column) whether the requirement is legally binding on departments and/or public bodies.

- Most SDs are legally binding on **both** departments and public bodies.
- Some SDs are only legally binding on departments. However, because FRDs set out best practice requirements, DELWP public bodies are also **expected to comply**.

SD 4.2 also requires public bodies to develop procedures to ensure timely and accurate preparation of all reports required under Part 7 of the FMA.

##### 3.1.1 Report of operations

Standing Direction	Requirement	Legally binding on departments and/or public bodies?
4.2(g)	The Report of Operations should: <ul style="list-style-type: none"> <li>• include qualitative and quantitative information on the agency’s operations;</li> <li>• be prepared on a basis consistent with the agency’s financial statements; and</li> <li>• provide readers with <b>general</b> information about the agency and its activities; <b>operational highlights</b> for the reporting period; <b>future initiatives</b>; and other relevant information not contained in the financial statements.</li> </ul>	Both
4.2(h)	The Report of Operations must be prepared in accordance with the	Both

requirements of the Financial Reporting Directions (**FRDs**).

4.2(i)	SD 4.2(i) requires departments to present their report of operations in accordance with guidelines contained within the Model Report of Operations ( <b>MRO</b> ). It is best practice for DELWP public bodies to present their annual report in accordance with the MRO, where applicable. Your agency should use the Model Report as the principle guide to the presentation of your annual report, where applicable. For further details see Chapter 4 of this Guide.	Departments (DELWP public bodies are also expected to comply)
4.2(j) <sup>8</sup>	<p><b>Responsible Body Declaration<sup>9</sup></b></p> <p>For a public body, the Report of Operations must be signed and dated by a member of the <b>responsible body</b>. For most DELWP public bodies, it will be the <b>chair</b> that makes this declaration. If your agency does not have a board, then this declaration is made by the person charged with oversight of the agency's operations (i.e. the Commissioner).</p> <p>The MRO states that this declaration is "usually the first item in the report of operations, and it formally presents the report in accordance with requirements in the Financial Management Act 1994".</p> <p>An example 'Responsible Body Declaration' is set out below.</p> <p>It is <b>not</b> recommended that this declaration be combined with the Chairman's report.</p>	Both

### Example

**Responsible Body Declaration**

In accordance with the *Financial Management Act 1994*, I am pleased to present [Agency name's] Annual Report for the year ending 30 June 2016.

[Signature] *[Note: reproduction of signature required]*

[Name of Chairman i.e. John Smith]  
 [Position title i.e. Chairman]  
 [Name of Agency]  
 [Date] 2016

### 3.1.2 Financial statements

Standing Direction	Requirement	Legally binding on departments and/or public bodies?
4.2(a)	<p>The financial statements in your agency's annual report must comply with:</p> <ul style="list-style-type: none"> <li>• AAS</li> <li>• Financial Reporting Directions (<b>FRDs</b>)</li> <li>• Business Rules.</li> </ul> <p>It is best practice for bodies to present their financial statements in accordance with the guidance in the Model Report, where applicable (see SD 4.2(f), below).</p>	Both

<sup>8</sup> SD 4.2(l) and (m) only apply to Departments.

<sup>9</sup> For a department, this declaration is made by the accountable officer (i.e. the Secretary) and is referred to as the 'Accountable Officer's Declaration'.

4.2(b)	The financial statements must comprise the following: <ul style="list-style-type: none"> <li>• Income Statement</li> <li>• Balance Sheet</li> <li>• Statement of recognised income and expense</li> <li>• Cash Flows Statement</li> <li>• Notes to the financial statements.</li> </ul>	Both
4.2(c) (& 3.1.2)	The financial statements must, where applicable, be signed and dated by the <b>Accountable Officer, CFAO</b> and a <b>member</b> of the <b>responsible body</b> , declaring whether, the financial statements: <ul style="list-style-type: none"> <li>• present fairly the financial transactions during the reporting period and the financial position at the end of the period</li> <li>• are prepared in accordance with SD4.2 and applicable FRDs</li> <li>• comply with applicable AAS.</li> </ul> <p>It is the responsible body's obligation to ensure financial management leadership is secured from a suitably experienced and qualified CFAO (SD 3.1.2).</p>	Both

**!** The commentary in the MFS states that for most public bodies, a **minimum of three signatories** is required (ie the **CFAO, Accountable Officer** and a **member** of the board). The only circumstances when a public body's annual report could be signed off by **two** signatories is when the Accountable Officer or CFAO is also a member of the body's board.

Standing Direction	Requirement	Legally binding on departments and/or public bodies?
4.2(d) (also in FRD 30B)	SD 4.2(d) specifies how amounts are to be <b>rounded</b> in the Financial Statements. The financial statements must be expressed <b>to the nearest dollar except where</b> the total assets, or revenue, or expenses of the public sector agency are <b>greater than</b> : <ul style="list-style-type: none"> <li>• \$10 000 000, when the amounts shown in the financial statements may be expressed by reference to the nearest \$1 000; or</li> <li>• \$1 000 000 000, when the amounts shown in the financial statements may be expressed by reference to the nearest \$100 000.</li> </ul>	Both
4.2(e)	The financial statements must be reviewed and recommended by the <b>audit committee</b> or <b>responsible body</b> prior to finalisation and submission.	Both
4.2(f)	The financial statements of departments must present fairly and in accordance with the requirements contained within the Model Financial Statements ( <b>MFS</b> ). It is best practice for public bodies to present their financial statements in accordance with the MFS, where applicable.	Departments (Public bodies are expected to comply, where applicable)

### 3.2 Attestation for compliance with SD 4.5.5

Standing	Legally binding on	Requirement
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Direction	departments and/or public bodies?	
4.5.5	Both	SD 4.5.5 requires a public body's responsible body to make an attestation that the body has complied with the Victorian Government Risk Management Framework (VGRMF). See Chapter 5 for details.

### 3.3 Standing Directions 2.2(f) and (g)

Standing Direction	Legally binding on departments and/or public bodies?	Requirement
2.2(f) & (g)	SD 2.2(f) applies to both departments and public bodies.  SD 2.2(g) applies only to those public bodies that are governed by a board.	Standing Direction 2.2 (f) and (g) provide that:  (f) "At least two members of the Audit Committee must be <b>independent</b> and <b>these members are to be identified as independent in the Public Sector Agency's annual report</b> .  (g) Where the Responsible Body is a board, the Audit Committee is expected to be comprised of <b>at least three</b> members, <b>all</b> of whom are non-executive directors and a <b>majority</b> of whom are independent."

#### 3.3.1 When is an audit committee member regarded to be "independent"?

Guideline 3 to SD 2.2 states that an independent person is one who:

- is **independent of involvement in the day to day management** of the public sector agency"; and
- within the last 3 years has not been:
  - (i) **employed** in an executive capacity by the agency or a related organisation or been a director after ceasing to hold such employment;
  - (ii) a principal of a material professional advisor /consultant to the agency or a related organisation, or an employee materially associated with the service provider;
- is **not a material supplier or customer of**, the agency, or a related organisation or an officer or otherwise directly or indirectly associated with a material supplier or customer;
- has **no material contractual relationship** with the agency or a related organisation other than as committee member of the agency;
- **has not served on the agency's board** for a period which could, or could reasonably be perceived to materially interfere with the person's ability to act in the best interests of the agency; and
- is **free from any interest** and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the individual's ability to act in the best interests of the agency.

Please refer to the **detailed guidance** on SD 2.2(f) and (g) set out in DTF's [Key Advice Update - Audit Committees \(No.2, 2013\)](#).



Many of the requirements of SD 2.2 are collective. Therefore the membership of your agency's audit committee must be **reviewed regularly** by the board (in particular, when there are changes to its composition) to ensure that the overall composition of the committee continues to comply with SD 2.2(5). (Also see SD 2.2(s))

### 3.4 Transitional arrangements from 2003 SDs to 2016 SDs<sup>10</sup>

The following table summarises the applicable Directions and requirements for **internal and public attestation**, for the 2015-16, 2016-17 and 2017-18 compliance years:

	2015-16 compliance year	2016-17 compliance year	2017-18 compliance year
Directions 2003	All Directions applicable	n/a	n/a
Directions 2016	n/a	All Directions applicable, subject to transitional arrangements under 2016 Direction 1.4.	All Directions applicable, subject to transitional arrangements under 2016 Direction 1.4.
Compliance reporting/ Internal attestation	2005 Financial Management Compliance Framework	Compliance reporting as required under 2016 Instruction 5.1, including trial attestation.	Compliance reporting as required under 2016 Instruction 5.1.
Public attestation in Annual Report	2003 Direction 4.5.5 <i>Risk management framework and processes</i>	2003 Direction 4.5.5 <i>Risk management framework and processes</i>	Attestation in relation to all applicable Directions and Instructions under 2016 Direction 5.1.4.

#### Standing Direction 3.4.8 - Commission on employee payroll deductions

SD 3.4.8 was updated in 2015, and applies for 2015-16 reporting period.

- ! As part of the Standing Direction 3.4.8- *Commission on employee payroll deductions*, the health insurance contributions rate is now annually indexed by the 'annual rate' set by the Treasurer under the *Monetary Units Act 2004*, which is set at 2.75 per cent for the 2015-16 financial year. As a result, the indexed rate of commission on health contributions for 2015-16 is at \$11.80 per contributor, per annum (\$11.50 in 2015-16).

<sup>10</sup> <http://www.dtf.vic.gov.au/Government-Financial-Management/Standing-Directions-of-the-Minister-for-Finance/Standing-Directions-of-the-Minister-for-Finance-2016>

## 4. Model Report

### 4.1 What is the Model Report?

A ‘model’ annual report is issued each year by DTF to assist Victorian government departments and public bodies with the planning and preparation of disclosures in their annual reports. It is a model of an annual report prepared by a fictitious department (the Department of Technology). It contains two parts: a model report of operations (**MRO**) and model financial statements (**MFS**). Note that the model report’s **Disclosure Index** is set out at the end of the MRO, whereas it would usually be an appendix to a body’s annual report.

At the same time as DTF releases the Model Report, it also releases a **Summary of Changes to Model Report**, which details the amendments made to the previous year’s model report. Both documents are made available on DTF’s website.

**!** DTF’s website should be **reviewed regularly during the preparation of your report**, as amendments to the model report or FRDs are often issued by DTF in the months after the model report (and this guide) have been published.

### 4.2 Are public bodies required to comply with the Model Report?

SDs 4.2(f) and (i) require departments to present their annual reports in accordance with guidelines in the model report. Whilst it is not mandatory for public bodies to comply with this requirement, it represents best practice in the preparation of annual reports. DELWP expects that your agency will use the model report as the principal guide to the presentation of your annual report, where applicable.

### 4.3 Key updates to the Model Report

DTF issued the [2016 Model Report for Victorian Government Departments](#) on 18 April 2015 together with a ‘**Summary of Changes to Model Report**’. Both documents are available from DTF’s website.

Key changes to the **Report of Operations** section of the **2016 Model Report** are listed below.

Please refer to DTF’s ‘Summary of Changes to Model Report’ for a detailed summary of all changes.

Section of MRO	Page (of MRO)	Summary of changes applied to MRO in the 2016 Model Report	Applicable to? <small>(depts. &amp;/or public bodies)</small>
<b>Section 1</b> (‘Year in Review’)	15-21	<b>Portfolio performance reporting – Non financial section</b> [★ revised for depts]  In the MRO, the ‘key initiatives and projects’ (or ‘achievements’ disclosure has been relocated and is now integrated into the ‘Portfolio performance reporting’ section of the report of operations), to enhance the performance story.  Departments are also encouraged to use graphical means of presenting performance information (i.e. tables/charts).	Departments only  (useful reference for public bodies)
<b>Section 3</b> Portfolio performance reporting - Financial	29-30	<b>Capital projects/ asset investment programs [★ revised]</b> Departments are required to disclose information on <b>completed capital projects</b> with a Total Estimated Investment of \$10 million or more, for the portfolio.  DELWP public bodies that manage a capital project that meets the TEI threshold of \$10 million are encouraged to make a similar	Departments & agencies that manage capital projects

		disclosure, for greater transparency.	
<b>Section 4</b> (‘Other Disclosures’)	50	<b>Government advertising expenditure</b> [★revised] FRD 22G has reduced the approval and disclosure threshold for government advertising expenditure from \$150 000 to \$100 000. The disclosure & commentary in the MRO has been updated to reflect this change.	Both
<b>Section 4</b> (‘Other Disclosures’)	52-53	<b>ICT expenditure</b> [★new] FRD 22G requires entities to disclose their expenditure on Information and Communication Technology (ICT) for the reporting period, in their report of operations. The MRO has been updated to include an example ICT expenditure disclosure, together with associated guidance.	Both
<b>Attestation for compliance with SD 4.5.5</b>	68-69	The guidance and sample attestation of compliance in the MRO have been updated to reflect changes to SD 4.5.5 and the VGRMF that were introduced in 2015. There are <b>no additional changes</b> to the requirements themselves. However note that when attesting to compliance with SD 4.5.5, your agency will be attesting for the first time to compliance with <b>two additional requirements</b> in the Framework (re: state significant risks & Interagency risks).	Both

## 5. Attestation of compliance with SD 4.5.5

### 5.1 What does SD 4.5.5 require?

SD 4.5.5 requires a public body's responsible body to:

- ensure that the public body **complies** with the mandatory requirements set out in the [Victorian Government Risk Management Framework](#) (2015 Framework) (which now include both risk management and insurance requirements); and
- include a **statement of attestation** in the body's annual report that the body has complied with the mandatory requirements of the 2015 Framework<sup>11</sup>; and

If the body has an Audit Committee, then this statement must (first) be verified by that Audit Committee<sup>12</sup>.

### 5.2 Who is required to comply with SD 4.5.5 (& the Framework)?

All entities that are a "public body" (as defined by the FM Act) are required to comply with the Framework (see section 1.2 of the 2015 Framework).<sup>13</sup>

### 5.3 What is the Framework?

The Framework prescribes a minimum risk management standard for the public sector. Further information about the Framework is available from DTF's and VMIA's websites.

#### Interagency & statewide risks



The 2015 VGRM Framework introduced **two new risk management requirements** that have **applied as of 1 July 2015**. These new requirements relate to managing **inter-agency and statewide risks**.<sup>14</sup> Agencies will be required to attest to compliance with these two new requirements for the first time in their 2015-16 annual report.

For further details see the Framework and VMIA's Practice Note on Inter-agency and Statewide Risks, available from this link: <https://www.vmia.vic.gov.au/risk/victorian-government-risk-management-framework/vgrmf-resources>

### 5.4 Who is required to make the attestation?

SD 4.5.5 states that it is a public body's **responsible body** who must make the attestation.

For most DELWP public bodies, the responsible body is the **board**. In practice, it would therefore be the **chair** who would make the risk management attestation, following board approval (and after the audit committee has agreed that the assurances can be given).

If your agency does not have a governing board, then the person or body that is charged with oversight of the public sector agency's operations (e.g. a **Commissioner**) would make the risk management attestation (again, after the audit committee has agreed the assurances can be given).

<sup>11</sup> SD 4.5.5, procedure (a)

<sup>12</sup> SD 4.5.5, procedure (b)

<sup>13</sup> Note that the type of entity that is required to comply with the Framework was expanded in March 2015. Previously, a public body that was required to report in the Annual Financial Report of the State of Victoria (AFR) was required to comply with the Framework (i.e. approx. 250 entities across the Victorian public sector). This is no longer the case.

<sup>14</sup> These two new requirements are identified by an asterisk on page 7 of the 2015 VGRM Framework.

## 5.5 Is my agency required to attest to its compliance with the insurance requirements in the Framework?

The insurance requirements contained in the 2015 Framework **only apply** if a public body is required to insure (in its own name) with the VMIA. Whether or not a public body is required to insure with the VMIA is as set out in the *Victorian Managed Insurance Authority Act 1996* (VMIA Act).

Section 24(1)(a) of the VMIA Act requires a “**participating body**” to arrange its insurance with VMIA. The definition of a “participating body” in section 3 of the Act is lengthy, and contains a number of exceptions<sup>15</sup>, and is therefore not reproduced in this guide.

However, as a **general rule**:

- if your agency *currently* maintains insurance (in its own name) with VMIA, then it is likely that it will need to comply with the insurance requirements in the 2015 Framework (and its responsible body will be attesting to compliance with those obligations in its report of operations, in its risk management attestation).
- If your agency *does not* insure with VMIA in its own name, then it is unlikely that it will be required to comply with the insurance requirements in the 2015 Framework.
- If your agency is covered by DELWP’s insurance with VMIA, then your agency *does not* maintain insurance in its own name with VMIA.

Further details on SD 4.5.5 and support materials are available on DTF’s website and VMIA’s website. VMIA released a new practice note on Attestation in 2016.

## 5.6 Example Attestations

### 5.6.1 Full compliance

A reproduction of the sample attestation provided in section 3.3.4 of the Framework (for a fully compliant public body) is set out below.

#### Attestation for compliance with Standing Direction 4.5.5

I, **(Name of chairperson (if Responsible Body is a board))** certify that the **(name of agency)** has complied with the Ministerial Standing Direction 4.5.5 – Risk Management Framework and Processes. The **(Name of agency)**’s Audit Committee has verified this **(if an audit committee is available to verify)**.

[signature of chairperson]

[Signature block i.e. Name of chairperson, Position title (i.e. Chairman), Name of Agency]

[dated]

*If your agency does not have a governing board, then the person or body that is charged with oversight of the public sector agency’s operations (e.g. a Commissioner) would make this attestation rather than the Chair.*

The Framework also states that: “...agencies may **amend** the wording of the attestation **having regard to their risk profile, risk management maturity and operating context**.” VMIA’s Practice Note – *Attestation*<sup>16</sup> explains this in more detail.

<sup>15</sup> Section 20 of the VMIA Act contains a number of exceptions to the requirement that a participating body maintain insurance with VMIA (e.g. VMIA may decline to provide a participating body with insurance cover in certain circumstances).

<sup>16</sup> VMIA Practice Notes are available from VMIA’s website at this link: <https://www.vmia.vic.gov.au/risk/victorian-government-risk-management-framework/vgrmf-resources>

## 5.6.2 Partial compliance

The Framework states that: ‘Where an agency has only partially complied with the Direction, the attestation must include an explanation of remedial actions to address areas of partial compliance.’

VMIA’s *Practice Note – Attestation* explains partial attestation in more detail.

The following example is provided in the Framework for a partially compliant public body.

### Example

#### Attestation for compliance with Standing Direction 4.5.5

I, [Responsible body] certify that the [name of public sector agency] has complied with Ministerial Direction 4.5.5, except for [as necessary, including rationale].

[Signature]

[Signatory details]

[date]

### Overview of 2015 changes to the Framework

The [Victorian Government Risk Management Framework](#) was updated in **March 2015**. Key changes include:

- **Interagency & statewide risks:** The 2015 VGRM Framework introduced **two new risk management requirements** that have **applied as of 1 July 2015**. These new requirements relate to managing **inter-agency and statewide risks**.<sup>17</sup> Agencies will be required to attest to compliance with these two new requirements for the first time in their 2015-16 annual report.
- **Simpler attestation:** The 2015 Framework introduced **simpler wording** for the attestation. All public bodies were expected to have used the simpler wording for their 2014-15 attestation. Your agency should continue to use this wording for its 2015-16 attestation.
- **Relocation of requirements to Framework:** Most of the requirements that were previously contained in SD 4.5.5 (including SD 4.5.5.1 re: the insurance attestation) have been **relocated** to the Framework. DTF has advised that the requirements themselves have not changed. Now, when making an attestation, the responsible body will be attesting that it has complied with **both the risk management** requirements in the Framework and – if applicable - the **insurance requirements**.
- **No separate insurance attestation:** As a result of the above, **a separate insurance attestation is no longer required**.
- **All public bodies are now required to comply:** The **type of entity that is required to comply with the Framework** was also **expanded**.<sup>18</sup> Now, any entity that is a “public body” (as defined by the FM Act) is required to comply with the Framework (see section 1.2 of the 2015 Framework).

<sup>17</sup> These two new requirements are identified by an asterisk on page 7 of the 2015 VGRM Framework. Also see pages 8 and 9, and VMIA’s Practice Note – Interagency and State Significant Risk, available from VMIA’s website.

<sup>18</sup> Previously, a public body that was required to report in the Annual Financial Report of the State of Victoria (AFR) was required to comply with the Framework (i.e. approx. 250 entities across the Victorian public sector)

# 6. Financial Reporting Directions (FRDs)

## 6.1 FRDs – an overview

### 6.1.1 What is an FRD?

Financial Reporting Directions (**FRDs**) are directions issued by the DTF to provide further details on financial and non-financial reporting requirements for a department or public body. There are approximately 40 FRDs, which are divided into two groups:

- FRDs numbered **100 and above** are directions issued for AASs in relation to **financial** policy and disclosures. These FRDs relate to the Financial Statements, and are therefore not discussed in this guide.
- FRDs numbered **below 100** are directions mainly issued in relation to **non-financial** policy and disclosures. These FRDs (predominantly) relate to the Report of Operations, and are discussed in this guide if relevant to DELWP public bodies.

Please note that a few FRDs apply to the production of **both** parts of the annual report (e.g. FRD 10A and FRD 12A).

### 6.1.2 Are FRDs legally binding?

Yes. The FRDs have legislative force<sup>19</sup> and must be complied with by all public bodies.

### 6.1.3 Do all FRDs apply to DELWP public bodies?

Some FRDs only apply to departments. Other FRDs only apply to certain types of bodies.

The tables below (see 6.2 and 6.3 below) identify whether:

- an FRD applies to departments, all public bodies or a certain type of public body;
- additional guidance material has been issued by the DTF in relation to this FRD.

The tables (see 6.2 and 6.3 below) use the following symbol:

Symbol	Description
★	This FRD has been, or is in the process of being, updated, and the reissued FRD is (or will be) applicable for the 2015-16 reporting year. Details of these FRDs are in Table 7.4. Where an FRD is expected to be reissued <u>after</u> the publication date of this guide, the FRD’s reissue number is included in parenthesis e.g. (★ <b>FRD 120I</b> )

**!** When an existing FRD is **amended**, it is reissued with the **same number** but with a **different letter**. For example, FRD 22F was recently amended and reissued, at which point it became FRD 22G.

<sup>19</sup> Pursuant to section 7 of the FMA, the Minister for Finance has delegated to the Deputy Secretary, Budget and Financial Management in DTF, the powers and functions of the Minister contained in sections 8, 50 and 51 of the FMA necessary for the Deputy Secretary to issue FRDs.

## 6.2 FRDs affecting the financial statements

FRD	Depts	Public bodies	See in this guide
<b>FRDs 100+ (Financial policy &amp; disclosure)</b>			
<a href="#">FRD 100 Financial Reporting Directions – Framework</a>	✓	✓	
<a href="#">FRD 102 Inventories</a>	✓	✓	
<a href="#">FRD 103F Non-Current Physical Assets</a>	✓	✓	
Guidance notes for FRD103E:			
<ul style="list-style-type: none"> <li>• <a href="#">Guidance on the selection of valuation services under FRD 103F</a></li> <li>• <a href="#">Guidance on depreciation of building components under FRD 103F</a></li> </ul>			
<a href="#">FRD 104 Foreign Currency</a> (★FRD 104A)	✓	✓	6.4
<a href="#">FRD105A Borrowing Costs</a>	✓	✓	
<a href="#">FRD 106 Impairment of Assets</a>	✓	✓	
<a href="#">FRD 107A Investment Properties</a> (★FRD 107B)	✓	✓	6.4
<a href="#">FRD 108A Classification of Entities as For-Profit</a> (★FRD 108B)	✓	(a)	6.4
<a href="#">FRD 109 Intangible Assets</a> (★FRD 109A)	✓	✓	6.4
<a href="#">FRD 110 Cash Flow Statements</a> (★FRD 110A)	✓	✓	6.4
<a href="#">FRD 112D Defined Benefit Superannuation Obligations</a>	✓	✓	
<a href="#">FRD 113A Investments in Subsidiaries, Jointly Controlled Entities and Associates</a> (★)	✓	✓	6.4
<a href="#">FRD 114A Financial Instruments - General Government Entities and Public Non Financial Corporations</a> (★FRD 114B)	✓	(b)	6.4
<a href="#">FRD 116 Financial Instruments-PFCs</a> (★FRD 116A)	✓	(c)	6.4
<a href="#">FRD 117 Contributions of Existing Non-Financial Assets to Third Parties</a> (★FRD 117A)	✓	✓	6.4
<a href="#">FRD 118B Land under Declared Roads</a> (★FRD 118B)	✓	✘	6.4
<a href="#">FRD 119A Transfer through Contributed Capital</a>	✓	✓	
<a href="#">FRD120I Accounting and Reporting Pronouncements Applicable to 2014-15 Reporting Period</a> (★FRD 120J 'Accounting and Reporting Pronouncements Applicable to 2015-16 Reporting Period')	✓	✓	6.4
<b>FRDs 1 to 100 (Non-financial policy &amp; disclosures)</b>			
<a href="#">FRD 03A Accounting for Dividends</a>	✓	✓	
<a href="#">FRD 07A Early Adoption of Authoritative Accounting Pronouncements</a>	✓	✓	
<a href="#">FRD 09A Departmental Disclosure of Administered Assets and Liabilities by Activity</a>	✓	(d)	
<a href="#">FRD 11A Disclosure of ex-gratia expenses</a>	✓	✓	

<a href="#">FRD 13 Disclosure of Parliamentary Appropriations</a>	✓	✘
<a href="#">FRD 17B Long Service Leave Wage Inflation and Discount Rates</a>	✓	✓
<a href="#">FRD 20A Accounting for State Motor Vehicle Lease Arrangements prior 1 February 2004</a>	✓	✓
<a href="#">FRD 21B Disclosures of Responsible Persons, Executive Officer &amp; other personnel with significant responsibilities in the financial report</a>	✓	✓ <sup>(e)</sup>
<a href="#">FRD 26A Accounting for VicFleet Motor Vehicle Lease Arrangements on or after 1 February 2004</a>	✓	✓

#### Notes:

- FRD 108A only applies to entities that are listed in Appendix A as being 'For Profit' entities. This list includes: Melbourne Water Corporation, City West Water Corporation, Yarra Valley Water Corporation and South East Water Corporation.
- FRD 114A applies to all public bodies, apart from public financial corporations (PFCs). FRD116 applies to PFCs.
- FRD 116 applies to all entities classified as public financial corporations (PFC's) in the State of Victoria Annual Financial Report (AFR).
- Voluntary
- FRD 21B applies to all "public bodies" (& departments), as defined in section 3 of the *Financial Management Act* 2004. A public sector entity classified as a public financial corporation (PFC) or public non-financial corporation (PNFC) within the AFR that does not meet the definition of a "public body" is encouraged to comply.

### 6.3 FRDs affecting the Report of Operations

FRD	Depts	Public bodies	See in this guide
<a href="#">FRD 8D Consistency of Budget and Departmental Reporting</a> (★)	✓	✘	6.4
<a href="#">FRD 10A Disclosure Index</a> <sup>(a)</sup> (★)	✓	✓	6.4 & 7
<a href="#">FRD 12A Disclosure of Major Contracts</a> <sup>(b)</sup> (★ FRD 12B)	✓	(c)	11.3
<a href="#">FRD 14 Disclosures in Annual Reports by Public Sector Superannuation Schemes</a>	✘	(d)	
<a href="#">FRD 15C Executive Officer Disclosures in the Report of Operations by Departments</a> (★)	✓	✘	6.4 & 10.4
<a href="#">FRD 22G - Standard Disclosures in the Report of Operations</a> (★)	✓	✓	6.4, 8, 9, 10 & 11
Guidance notes for FRD 22G:			
<ul style="list-style-type: none"> <li><a href="#">Guidance Note to Financial Reporting Direction (FRD) 22G</a> (on the definition of consultancies)</li> <li><a href="#">Compliance with Financial Reporting Direction (FRD) 22G</a> (additional information available on request).</li> </ul>			
<a href="#">FRD 24C - Reporting of Office-based Environmental Data by Government Entities</a>	✓	(e)	11.11
Guidance notes for FRD 24C:			
<ul style="list-style-type: none"> <li><a href="#">Guidance on environmental disclosures under FRD24C</a></li> <li><a href="#">Guidance on Environment Management System under FRD 24C</a></li> </ul>			
<a href="#">FRD 25B Victorian Industry Participation Policy Disclosures in the Report of Operations</a>	✓	✓	11.1

<a href="#">FRD 27C Presentation and Reporting of Performance Information</a>	✘	(f)	8.6
<a href="#">FRD 29A - Workforce Data Disclosures in the Report of Operations – Public Service Employees</a>	✓	(g)	6.4 & 10.2.
• Guidance note for FRD 29A: <a href="#">Guidance on reporting number of employees under FRD29</a>			
<a href="#">FRD 30C Standard Requirements for the Publication of Annual Reports (★)</a>	✓	✓	6.4 & 12

#### Notes:

- (a) FRD 10A *also* applies to matters contained in the Financial Statements.
- (b) FRD 12A *also* applies to the Financial Statements.
- (c) FRD 12A applies to departments. However DELWP agencies are encouraged to comply, to the extent applicable. The Model Report states that “The policy requires that all other public sector entities document their policies on disclosure, having regard to the Government’s policy on openness and probity”. Refer to the MRO for details regarding the relevant Government policy.
- (d) FRD 14 only applies to a “public body” that is a public sector superannuation scheme. No DELWP portfolio agencies are public sector superannuation schemes.
- (e) FRD 24C is mandatory for the EPA and Sustainability Victoria; FRD24C encourages adoption of the requirements of this FRD for other public sector entities.
- (f) FRD 27C only applies to the entities listed in Appendix 1. The only DELWP entities to which FRD 27C applies are the **19 water corporations** (as listed in Appendix 1).
- (g) FRD 29A applies only to bodies that employ staff under Part 3 of the PAA. Other DELWP agencies are encouraged to make similar disclosures, where possible.

## 6.4 Updates to FRDs for this reporting year

The table below lists the FRDs that have been – or will be - **revised** and **reissued** by DTF, and which are effective for the 2015-16 reporting period.

A brief summary of the amendments is contained in the tables below. Please note that the description of the amendments is a high level summary only, and bodies should refer to the revised FRDs for full details.

**Table 1. FRDs to be revised & re-issued by DTF & effective for the 2015-16 reporting period**

FRD	FRD Title	Description of amendment	Status
<b>Re-issued</b>			
<b>FRD 22G</b>	Standard Disclosures in the Report of Operations	FRD 22G introduces <b>2 key changes</b> for 2015-16. (1) Agencies must now disclose their <b>ICT expenditure</b> for the 12 month reporting period in their report of operations. See section 11.5 of this guide for details. (2) The threshold for <b>government advertising expenditure disclosure</b> has been reduced from \$150,000 to <b>\$100,000</b> . See section 11.4 of this guide for details.	Reissued in Dec 2015
<b>FRD 8D</b>	Consistency of Budget and Departmental Reporting	<ul style="list-style-type: none"> <li>• Standing Direction 4.2 (m) was relocated from the SDs to FRD 8D, as part of the Standing Directions review project. There is no change to the requirement itself.</li> <li>• The reason for relocating this requirement in FRD 8D was to remove duplication between the Standing Directions and FRDs and centralise the</li> </ul>	Reissued on 29 March 2016

		reporting requirements in a more appropriate instrument.	
		<ul style="list-style-type: none"> <li>SD 8D applies to departments.</li> </ul>	
<b>FRD 30C</b>	Standard Requirements for the Publication of Annual Reports	<ul style="list-style-type: none"> <li>The print specifications have been updated and individual pages in an annual report may now be presented in a <b>landscape format</b> if it facilitates the proper understanding of information such as tables, charts, graphs, maps or diagrams that would otherwise be difficult to read.</li> <li>The definitions of 'portrait' and embossing' were also updated.</li> </ul>	Reissued on 29 March 2016
<b>FRD 7B</b>	Early Adoption of Authoritative Accounting Pronouncements	<ul style="list-style-type: none"> <li>Deletes references to accounting standards or other FRDs that have been retired or are no longer applicable.</li> </ul>	Reissued on 29 March 2016
<b>FRD 10A</b>	Disclosure Index	<ul style="list-style-type: none"> <li>Updates legislative references; and</li> <li>Removes illustrative examples that are already included in the Model Report.</li> </ul>	Reissued on 29 March 2016
<b>FRD 15C</b>	Executive Officer Disclosures in the Report of Operations by Departments.	<ul style="list-style-type: none"> <li>Updates the definition of 'executive officer' to align with the definition in FRD 21B <i>Disclosure of Responsible Persons, Executive Officers and Other Personnel in the Financial Report</i>, and</li> <li>Removes illustrative examples that are already included in the Model Report.</li> </ul>	Reissued on 29 March 2016
<b>Still to be re-issued</b>			
<b>FRD 108B</b> (will become <b>FRD 108C</b> )	Classification of entities as for-profit	<p>DTF is reviewing the entities that have been included in FRD 108B <i>Classification of entities as for-profit</i>. DTF's current advice is that amendments to this FRD are <b>only likely to affect Fed Square Pty Ltd</b>.</p> <p>Appendix A to FRD 108B lists entities that are defined as "for profit". This list currently includes Melbourne Water, City West Water, South East Water, Yarra Valley Water and Places Victoria, amongst other entities.</p> <p>All other entities (not listed in Appendix A) are defined as not for profit.</p>	~ early June 2016
<b>FRD 12A</b> <b>FRD 100</b> <b>FRD 102</b> <b>FRD 105</b> <b>FRD 106</b> <b>FRD 107A</b> <b>FRD 109</b> <b>FRD 110</b> <b>FRD 114A</b> <b>FRD 116</b> <b>FRD 117</b> <b>FRD 118B</b> <b>FRD 104</b>		<p>DTF is intending to update the following FRDs "for general improvements, including formatting and editorial updates". DTF has advised there will be no significant amendments to their content.</p> <ul style="list-style-type: none"> <li>FRD 12A <i>Disclosure of major contracts</i> (will become FRD 12C);</li> <li>FRD 100 <i>Financial Reporting Directions – framework</i> (will become FRD 100A);</li> <li>FRD 102 <i>Inventories</i> (will become FRD 102A);</li> <li>FRD 105 <i>Borrowing costs</i> (will become FRD 105A);</li> <li>FRD 106 <i>Impairment of assets</i> (will become FRD 106A);</li> </ul>	~ early June 2016

- FRD 107A *Investment properties* (will become FRD 107B);
- FRD 109 *Intangible assets* (will become FRD 109A);
- FRD 110 *Cash flow statements* (will become FRD 110A);
- FRD 114A *Financial Instruments – General Government Entities and Public Non-Financial Corporations* (will become FRD 114B);
- FRD 116 *Financial instruments – Public Financial Corporations* (will become FRD 116A)
- FRD 117 *Contributions of existing non-financial assets to third parties* (will become FRD 117A)
- FRD 118B *Land under declared roads* (will become FRD 118C)

DTF is also reviewing FRD 104 *Foreign currency* to determine if an amendment is still required.

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<b>FRD 120I</b> (will become <b>FRD 120J</b> )	‘Accounting and reporting pronouncements applicable to the 2014-15 reporting period’	The ‘omnibus’ FRD 120 is updated annually to list: <ul style="list-style-type: none"> <li>• AASs that are effective for the reporting period</li> <li>• AASs issued but not yet effective for the reporting period.</li> </ul>	early July 2016.
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## 7. Disclosure Index Requirements (FRD 10A)

### 7.1 What is the Disclosure Index?

FRD 10A requires the annual report to contain:

- a list identifying the relevant **clauses** of Victorian legislation with statutory disclosure requirements
- a short **description** of the relevant requirement
- the **page** in the report where disclosure required is made.

The Disclosure Index should be the **first appendix** in your agency's annual report.

### 7.2 What disclosures must be included?

The Disclosure Index must include:

- Any **Standing Direction** or **FRD** that is applicable to the agency (both have legislative effect). This includes each disclosure that your agency is required to make in accordance with FRD 22G.
- any disclosure required by the agency's **establishing Act**.
- any other disclosure required by any **other Act** (refer to the list of legislation in 1.3.3 of this guide);
- any disclosure required by a **Ministerial Direction** applicable to your agency. Note that this includes Ministerial Reporting Directions issued to water corporations.

#### Example

The Model Report of Operations in the **model report** contains an example of a disclosure index for a Department. This can be used as the basis for a disclosure index for your agency. Your agency will need to adapt the disclosure index in the MRO so that is applicable to a public body (and not a department) and your agency in particular.



For FRDs specific to the report of operations or the financial statements, the disclosure index entry must be reflected against the applicable part of the report. Those FRDs which apply to both the report of operations and the financial statements (such as FRD 10A and FRD 12A) should be **listed twice** in the disclosure index - in the section of the disclosure index for disclosures relating to the financial statements and also in the section of the index for disclosures relating to the report of operations.

## 8. Disclosures in Section 1 (Year in Review)

This chapter provides examples and some commentary on the disclosures that a public body is required to make in its report of operations, as detailed in **Section 1 (Year in Review) of the MRO**.

Chapters 9, 10 and 11 of this guide discuss the disclosures that a public body is required to make, as detailed in the following sections of the MRO:

- Section 2 (Governance & Organisational Structure)
- Section 3 (Workforce Data)
- Section 4 (Other Disclosures)

**!** **Key source documents:** Your primary resource for information on what disclosures your agency is required to make in its report of operations should be the key source documents (the SDs, the relevant FRDs - FRD 22G in particular - and the MRO) - and not this guide.

**Disclosure index:** Each disclosure made by your agency in its report of operations must also be listed in the Disclosure Index required by FRD 10A.

### 8.1 Chairman's Report

Most DELWP public bodies include a Chairman's Report in their report of operations, which is similar to the Secretary's Report in the MRO. The Chairman's report would normally follow the Accountable Officer's declaration, in a public body's annual report.

Please note that there is no requirement to include this report in your agency's annual report.

The MOR states that the Chairman's report "**outlines** the agency's **achievements** for the year and a reference to the **aims** of the agency for the year ahead".<sup>20</sup>

### 8.2 Vision, Mission, Values

The MRO states that: "The Year in Review section is the opening section of an agency's report. The introduction should be clearly articulate the agency's vision, mission and values..."<sup>21</sup>. Note that there is no specific obligation in the FRDs to include this information in an agency's report of operations.

### 8.3 Manner of establishment and the responsible minister/s (FRD 22G)

FRD 22G states that in its report of operations, your agency must identify:

- Its method of establishment (which is usually a reference to the Act that it is established under); and
- the responsible Minister/s for the reporting period (i.e. 1 July 2015 to 30 June 2016).

The responsible Ministers for DELWP agencies are set out below, for the 2015-16 reporting period. Note that some agencies will have more than one responsible Minister for this period.

#### 1 July 2015 to 22 May 2016:

- the Hon Lisa Neville MP, Minister for Environment, Climate Change and Water
- the Hon Richard Wynne MP, Minister for Planning
- the Hon Natalie Hutchins MP, Minister for Local Government

<sup>20</sup> Page 12, MRO

<sup>21</sup> Page 12, MRO

- the Hon Lily D’Ambrosio MP, Minister for Energy and Resources

#### 23 May 2015 to 30 June 2016:

- the Hon Lisa Neville MP, Minister for Water
- the Hon Richard Wynne MP, Minister for Planning
- the Hon Natalie Hutchins MP, Minister for Local Government
- the Hon Lily D’Ambrosio MP, Minister for Energy, Environment and Climate Change

#### Example

‘The Royal Botanic Gardens Board is established under the *Royal Botanic Gardens Act* 1991. The responsible Ministers during the 2015-16 reporting period were:

- the Hon Lisa Neville MP, Minister for Environment, Climate Change and Water for the period from 1 July 2015 to 22 May 2016; and
- the Hon Lily D’Ambrosio MP, Minister for Energy, Environment and Climate Change for the period from 23 May 2016 to 30 June 2016.

Where two Ministers have joint responsibility for a body, **both** Ministers must be listed in their report of operations.

#### Example

“Corangamite Catchment Management Authority is established under the *Catchment and Land Protection Act* 1994. The responsible Ministers for the 2015-16 reporting period were:

- from 1 July 2015 to 22 May 2016, the Hon Lisa Neville MP, Minister for Environment, Climate Change and Water; and
- from 23 May 2016 to 30 June 2016, the Hon Lisa Neville MP, Minister for Water and the Hon Lily D’Ambrosio MP, Minister for Energy, Environment and Climate Change.”



A similar disclosure must **also** be made in the financial statements, in accordance with FRD 21B.

## 8.4 Nature and range of services provided (FRD 22G)

Details of your entity’s nature and range of services (including the communities served) must be included in its report of operations. This information is often provided as part of the CEO’s or Chairperson’s report, or early within the report of operations. It gives the reader a clear idea of what the entity does. The key information provided should answer the following questions:

- What does your entity do? (i.e. what types of services does it provide?)
- Who are your customers and key stakeholders?

## 8.5 Objectives, functions, powers and duties (FRD 22G)

Your entity’s report of operations should outline its purpose (i.e. **objectives**), **functions**, **powers** and **duties**.<sup>22</sup> This information can usually be extracted from your entity’s establishing Act.

Note that this information must be linked to your entity’s performance (see 8.6 below).

<sup>22</sup> Para.6.4(b) of FRD 22G

## PERFORMANCE REPORTING – NON-FINANCIAL

Your agency is expected to report on its performance during the reporting period in its Report of Operations. There are several similar obligations which apply to any agency's report on its performance, summarised below.

### 8.6 Performance against objectives (FRD 22G)

FRD 22G contains several similar requirements that require your agency to demonstrate how it **met its statutory obligations** during the reporting period.

Your agency is required to provide a summary of:

- its **activities, programs and achievements** for the reporting period.<sup>23</sup> This information must be linked to your agency's **objectives, functions, powers and duties** (see 8.5 above).
- its **operational objectives** (& budgetary objectives) for the reporting period and its **actual performance** during the reporting period **against those objectives**.<sup>24</sup>
- its **"key initiatives and projects**, including significant changes in key initiatives and projects from previous years and its expectations for the future." (see 8.7 below)

#### 8.6.1 What operational objectives?

Your agency's **operational** (and budgetary) objectives for the reporting period will generally be set out in its annual business plan (or similar document). This document should also set out the 'performance indicators' or 'targets' that your agency committed to achieving during the reporting period. Some agencies may also have additional objectives (and associated performance targets) set out in Ministerial directions or statements of expectation that they are expected to achieve.

A discussion of your agency's performance against its **budgetary** objectives is discussed in the financial performance reporting section of the report of operations (see 8.9 below).

#### 8.6.2 Presentation of performance information

Information should be presented in tables, following a layout similar to that used in the MRO, to the extent applicable. An example of such a table is also set out below.

Diagrams (charts or graphs) may also be useful in explaining the information.

#### 8.6.3 Explanation of performance information

DELWP entities are expected to:

- adopt a system which indicates the **extent of underachievement or overachievement of targets** when reporting on their performance, in a manner similar to departments. (i.e. see the 'Result', in the table below).
- explain the **variances** between targets and actual results,
- explain all **significant and material variances** in their performance reporting, in the same manner as departments.

#### 8.6.4 Significant and material variances

A **significant and material variance** is a variance between target and actual results of greater than **5% increase or decrease**. The criteria applicable to departments when explaining significant or material variances are explained in FRD 8B and in the 2016 MRO on pages 22-24.

<sup>23</sup> Para. 6.5, FRD 22G.

<sup>24</sup> Para. 6.11(c), FRD 22G

In particular, appropriate **commentary** must be included to explain **all significant or material variances (both positive and negative)** between an agency’s targets and actual results.

**Example table - [Agency name]’s performance against objectives**

**[Objective 1]**

Performance indicator	Unit of measure	2015-16 actual	2015-16 target	Variance (%)	Result <sup>1</sup>
[Performance indicator 1]	[e.g. number, percent, \$]	[amount]	[amount]	[%]	✓
[Performance indicator 2]	[e.g. number, percent, \$]	[amount]	[amount]	[%]	○

**[Objective 2]**

Performance indicator	Unit of measure	2015-16 actual	2015-16 target	Variance (%)	Result
[Performance indicator 3]	[e.g. number, percent, \$]	[amount]	[amount]	[%]	■

.....

Note (1).

- ✓ = performance target achieved or exceeded or expected to be achieved
- = performance target not achieved – exceeds 5% variance. [Note: This is a significant variance that requires an explanation.]
- = performance target not achieved. Within 5% variance.

**!** The manner in which **water corporations** are expected to make this disclosure is set out in FRD 27B, which requires an audited statement of performance to be included in their report of operations.

**8.7 Key initiatives & projects (FRD 22G)**

Your entity must disclose, in its report of operations:

- its “**key initiatives and projects**, including significant changes in key initiatives and projects from previous years and its expectations for the future.” (FRD 22G)<sup>25</sup>
- its ‘**operational highlights** for the reporting period’ (SD 4.2(g)); and
- its **future initiatives** – or aims for the year ahead (SD 4.2(g)).

**★** In the MRO, the ‘Key initiatives and projects’ disclosure has been relocated - and is now integrated into the Performance Reporting section of the report, to “enhance the performance story”. (ie. this disclosure is no longer a stand alone commentary). DELWP agencies may decide to adopt a similar practice.

**8.7.1 What information must be disclosed?**

FRD 22G requires the following information to be disclosed:

- your agency’s **key initiatives and projects** for the reporting period (as identified in its strategic plan or the equivalent)<sup>26</sup>;

<sup>25</sup> Paragraph 6.7, FRD 22G *Standard Disclosures in the Report of Operations*.

<sup>26</sup> p.18, MRO.

- your agency’s **performance** on those initiatives and projects during the reporting period (i.e. discuss the outcomes achieved on those key initiatives and projects during the year); *(i.e. this is very similar to SD 4.2(g)’s requirement that your entity disclose its “operational highlights”)*;
- details of **any significant changes** to the key initiatives and projects that have been previously disclosed or reported on by your agency. Any “changes that have a **material impact on the outcomes or results** should *also* be discussed. This may include timeline, scope and costs that are relevant to the key initiative or project.”
- your agency’s **expectations** for the future periods. *(i.e. this is very similar to SD 4.2(g)’s requirement that your entity disclose its “future initiatives”)*

### 8.7.2 Example disclosure

The following is an example of one initiative, adapted from the MRO.

#### **‘Key Initiatives and Projects**

‘Since 1 July 2015, [Agency name] has initiated the Technology Trade and Innovation Program, which provides grants to assist businesses to develop and integrate new technologies.

Up to 30 June 2016, [Agency name] has committed \$10.6 million in assistance to 40 Victorian businesses over two funding rounds. In the next two years, [Agency name] will continue to monitor and support this program, which is expected to represent additional \$29 million investment to the State, and create 219 new jobs in 2016-17.’

## 8.8 Structural changes to agency in 2015-16 affecting performance (MRO)

If your agency’s performance reporting is affected by a structural change (or similar), it is recommended that an explanation of that change be included in its report of operations, consistent with the disclosure that a department is required to make (see ‘Discontinued Operation’ in the MRO).

# PERFORMANCE REPORTING – FINANCIAL

## 8.9 Current year financial review & 5 year summary (FRD 22G & SD 4.2(g))

### 8.9.1 Five year summary

FRD 22G requires your agency’s financial results for this reporting year AND the previous four years (i.e. five in total) to be provided in a summary format in its report of operations.

#### Example – Five Year Financial Summary (minimum disclosure)

	15 - 16	14 - 15	13 - 14	12 - 13	11 - 12
	\$	\$	\$	\$	\$
Operating revenue					
Government contributions					
Other revenue					
<b>Total revenue</b>					
Administration					
Corporate expenditure					
Project expenditure					
<b>Total expenditure</b>					
Current assets					
Non-current assets					
<b>Total assets</b>					
Current liabilities					
Non-current liabilities					
<b>Total liabilities</b>					

Notes: [include notes to explain any inclusions/exclusions etc.]

✓ It is recommended that a table containing the major classes of revenue, expenditure, assets and liabilities with the total for each category be provided.

### 8.9.2 Current year financial review

Your agency must **summarise its financial results** in its Report of Operations.

This section of the report should contain a **discussion** and **analysis** of your agency’s operating results and financial position.

*“The report of operations should complement the information presented in the financial statements by providing a discussion and analysis of the entity’s operating results and financial position.”<sup>27</sup>*

This analysis should be:

*“balanced and objective, free from bias and complete, dealing even-handedly with both positive and negative aspects of operations, financial conditions, risks and opportunities.”<sup>28</sup>*

The MRO also states that your agency may also wish to consider including an analysis of **any significant overall financial trends over the past five years** in this section of the report, further explaining the five year financial summary table.

<sup>27</sup> page 27, MRO

<sup>28</sup> Page 26-29, MRO

### 8.9.3 Summary of performance against budgetary objectives (FRD 22G & FRD 27C)

FRD 22G requires your entity to summarise its **performance against its budgetary objectives** for the reporting period.<sup>29</sup>

- ✓ Water corporations are required to describe their performance against key financial performance indicators as set out in **FRD 27C**.

### 8.10 Significant changes in financial position (FRD 22G)

A summary of any significant changes in your agency's financial position **during the year** must be detailed in its Report of Operations by outlining the **changes** and the **reasons** for those changes.

A disclosure **must be made** even if the disclosure amounts to a 'nil' response.

#### 8.10.1 Example of a 'nil' response

**'Significant changes in financial position**

There were no significant matters which changed our financial position during the reporting period.'

### 8.11 Significant changes or factors affecting performance (FRD 22G)

Any significant changes or factors affecting your agency's performance must be detailed in its Report of Operations by outlining:

- the changes or factors
- the reasons why your agency's performance was affected
- how your agency was affected
- what your agency did to mitigate or address these affects.

#### 8.11.1 Example of a 'nil' response

A disclosure **must be made** even if the disclosure amounts to a 'nil' response.

**'Significant changes or factors affecting performance**

There were no significant changes or factors which affected our performance during the reporting period.'

The **key difference** between the two matters discussed above is that:

- !
- one is financially focussed and is not dependant upon an event occurring (i.e. the significant change in financial position may have been planned)
  - the other, is event focussed and may or not have been planned or expected.

### 8.12 Capital Projects (MRO)

If your agency manages any capital projects, then the MRO requires your agency to include a statement in its report of operations referring the reader to further information about those projects contained in the Department of Treasury and Finance's most recent [Budget Paper 4 State Capital Program](#) (BP 4). Refer to the MRO for further guidance.

<sup>29</sup> Para 6.11(c), FRD 22G



In 2016, Departments are expected to make a disclosure in their annual reports on capital projects with a Total Estimated Investment of \$10 million or more, carried out by the department or their portfolio agency, completed within the reporting period.

**NEW**

**Other public bodies are not expected to make this disclosure. However, they are encouraged to do so for transparency of their operations.**

### 8.12.1 When should a capital project be disclosed?

DELWP agencies that manage a capital project/ asset investment program are encouraged to make a disclosure when:

- the capital project is funded through the State budget; and
- The capital project has a **Total Estimated Investment of \$10 million or greater** (total funding from all sources for the overall project); and
- The capital project is reported as practically **completed** within the reporting period.

### 8.12.2 What information should be disclosed?

The following information should be disclosed:

- the **actual** and **budgeted cost**; and
- the **completion dates** of all asset investments funded through the State budget with a total estimated investment of \$10 million or greater that reach practical completion by the department/agency in the current reporting period; and
- Any **variances** between the actual cost to deliver the project and the latest approved (or budgeted) TEI endorsed by government and an **explanation** for this variance.

Where projects are handled across multiple agencies within the same portfolio department, the portfolio department for the agency that owns the asset should report the project in their annual report.

### 8.12.3 Example disclosure

DELWP agencies are encouraged to make a capital projects disclosure in the same manner as a department. An example, adapted from the MRO, is set out below (on the following page).

### 8.12.4 Example disclosure – nil response

If your agency does not manage any capital projects, then we recommend it include a 'nil disclosure' in its annual report, so that it is clear that this requirement has been considered.

#### **'Capital Projects**

[Agency name] does not manage any capital projects.'

### 'Capital Projects/ asset investment programs

[Agency name] manages a number of capital projects. For information on recent capital projects for [Agency name] and the broader Victorian public sector, please refer to the most recent Budget Paper No. 4 *State Capital Program* (BP4) available on the Department of Treasury and Finance's website. This publication also contains information on Victorian Government Departments and their related portfolio agencies' asset investment programs.

During the year, [agency name] completed the following capital projects with a Total Estimated Investment of \$10 million or greater. The details related to these projects are reported below:

**Table 1: Capital projects completed during the financial year ended 30 June 2016**

Project Name	Original completion date	Latest approved completion date	Actual completion date	Original approved TEI* budget \$M	Latest approved TEI* budget \$M	Actual TEI cost \$M	Variation between actual cost and latest approved TEI budget	Reason for variance from latest approved TEI Budget
Anti-virus IT system	April 2015	June 2015	June 2015	9	10	8	(2)	The variance relates to suitable hardware being sourced more cheaply than anticipated.

*[Note that the remainder of table, detailing all other capital projects managed by this agency have been omitted from this guide]*

\*TEI means Total estimated investment

## 8.13 Disclosure of grants and transfer payments (MRO)

If your agency provided grants to other companies or organisations during the reporting period, then it should make a disclosure in its report of operations consistent with the disclosure in the MRO.

### 8.13.1 What is a grant?

As the definition of a "grant" in the MRO commentary applies to a **department**, it is recommended that DELWP public bodies apply the following definition instead:

**Grant** means "any monies allocated to any government entity (including general government entities and public non-financial corporations), third party or parties outside the public sector and at the discretion of an agency, with recipients required to use the monies for the specific purposes outlined in the particular funding agreement.'

For further details about grants, refer to the AASB 1004 *Contributions*, AASB 118 *Revenue* or the MRO.

An example disclosure is provided below. Please also refer to the more detailed disclosure in the MRO.

### Grants and transfer payments

[Agency name] has provided grants to certain companies and organisations as part of the **Small Business Grants Program**, which [Agency name] is responsible for administering, together with other agencies, in accordance with section 100 of the *Small Business Incentives Act 2012*. Grants provided to small businesses in 2015-16 for the purposes of encouraging research and development into new waste reduction technologies were as follows:

#### Small Business Grants Program - Round 1 (1 September 2015)

Organisation	Description	Payment \$
ABC Pty Ltd (ACN XXX XXX XXX)	[R&D project - technology 1]	xxxx
Society of BBY (ABN XXX XXX XXX)	[R&D project - technology 2]	xxxx
.....	.....	.....

## 8.14 Subsequent events

(FRD 22G)

Public bodies are required to disclose subsequent events (if any) in their Financial Statements.

If your agency has provided detailed information about a subsequent event in its Financial Statements, then a **summary** of those events must **also** be included in its **Report of Operations**, with a **cross reference** to the Financial Statements. Refer to Note 43 Commentary in the MFS.

### 8.14.1 What is a 'subsequent event'?

A 'subsequent event' is an event that **may significantly affect** the agency's **operations** in the **subsequent** reporting period.

While the annual report relates to a financial year, the subsequent events disclosure relates to the **period between the end of the financial year** (i.e. 30 June, for agencies with an EOFY of 30 June) and the date **that the report is signed off by your agency**.



Caution – when determining if an event is a subsequent event – ensure that the event has taken place **in the relevant period** described above (and not, for example, afterwards).

### 8.14.2 What must be disclosed?

Your agency's disclosure must contain a **summary** of **each subsequent event**, with a **cross reference** to their disclosure in their Financial Statements.

### 8.14.3 Example disclosures

#### 'Subsequent events

On 1 August 2014, subsequent to the reporting report, [Agency name] announced its intention to implement a major restructuring of its Customer Service division. Further details are provided in Note [X] to the Financial Statements.'

Where there were no subsequent events, a 'nil response' disclosure should be included in the report of operations (see example below).

#### 'Subsequent events

There were no events occurring after balance date which may significantly affect the [Agency name]'s operations in subsequent reporting periods.'

For further details on subsequent events, please refer to **Note 43** in the MFS.

## 9. Disclosures in Section 2 (Governance & Organisational Structure)

This chapter 9 provides examples and some commentary on the disclosures that a public body is required to make in its report of operations, as detailed in **Section 2 (Governance and Organisation Structure)** of the MRO.

### 9.1 Organisational structure (FRD 22G)

#### 9.1.1 Organisational chart

An organisational chart showing governing board, audit committee, chief executive officer and senior officers – and their responsibilities - is required by FRD 22G. A graphical representation is required, as it often better represents the reporting lines within the organisation than text would.

#### 9.1.2 Names and functional areas of responsibility of senior officers

The **names** and **functional areas of senior officers** should be included as part of an organisation chart outlining the structure of the agency. If text is required to describe a functional area, the chart should at least have the officers' names and titles followed by that text. Organisational charts should be sufficiently detailed to enable users to determine who is accountable for your agencies main activities. No photographs of senior officers are required or expected.



“**Senior officers**” is not defined in FRD 22G; however, it is adequate to identify those persons and roles reporting directly to the CEO.

### 9.2 Governing board (FRD 22G)

FRD 22G requires the **names** of all members of your agency's governing board, for the reporting period, to be listed in the annual report. No photographs of board members are required or expected.

It is recommended that your agency's report of operations include the following information about its governing board:



- A brief description of its **role**
- The **names** of each board member, their **position**, and their **term** of appointment (*Note: this information must be included for each person that held a position on the board during the reporting period, regardless of the length of their term*)
- a précis (ie. very short) **biography** of each board member
- details of **board meeting attendance**, for each board member

### 9.3 Audit committee membership & roles (SD 2.2(f) & (g), FRD 22G)

The names of all **members** of your agency's audit committee during the reporting period should be included in the report of operations. Those members of the committee that the agency has determined are “**independent**” **must be clearly identified**. (Refer to 3.4 of this guide for further details regarding SD 2.2 (f) and (g)).

#### Example disclosure

An example disclosure is provided below, and in the MRO.

### 'Audit Committee Membership and roles

The audit committee consists of six members and a chairman. Three of the members and the chairman are independent members, as indicated below. Members are appointed by the board, usually for a three year term, and are subject to the committee's terms of reference.

The role of the audit committee is to oversee and advise the [Agency name] on matters of accountability and internal control affecting its operations.

The main responsibilities of the committee include the oversight of:

- the financial performance of [Agency name];
- the financial reporting process;
- the scope of work and performance of the internal and external auditors;
- the operation and implementation of the risk management framework;
- matters of accountability and internal control affecting the operations of [Agency name]; and
- the effectiveness of management information systems and other systems of internal control.

Membership of the committee in 2015-16 comprised:

- Abigail Adams, Chairman (independent)
- Benjamin Brown (independent)
- Carol Cooper (*term commenced 1 May 2016*)
- Darius Darko (independent)
- Eliza Edwards (independent)
- Frank Fitzburg (*term ended 30 April 2016*)
- Garry Gleeson.

Meetings are held quarterly and at any other time on request of a committee member or the internal or external auditor. In 2015-16, the committee met seven times. Attendance of committee members is detailed in the table below, together with attendance of members of other board committees. [*table omitted*]

## 9.4 Board committees

(FRD 22G)

It is recommended that the **names** of the members of your board's major committees during the reporting period be included in the report of operations, in the section after the organisational chart. It is good practice to also include a brief description of the **purpose** of each committee.

Note that FRD 22G also requires your agency to **maintain** information on its major committees (and make that information available on request), including:

- the purposes of each major committee
- the extent to which the committee has achieved its purpose.

(For details, see 11.13 of this guide and DTF's guidance material on FRD 22G).

## 9.5 Occupational Health and Safety

(FRD 22G)

The FRD 22G requires your agency to include a statement in its report of operations on “**occupational health and safety matters**, including appropriate **performance indicators** and how they affect **outputs**.”<sup>30</sup>

This statement must:

- provide details of your agency’s **OH&S policies, commitments and programs**, including details of any **training** provided or **assessments** completed during the year;
- identify the **performance indicators** your agency has adopted to monitor OH&S matters; and
- outline your agency’s **actual performance** against those indicators.

### 9.5.1 Minimum OH&S performance reporting requirements

As a **minimum**, your agency must report on the following<sup>31</sup>:

- a) the number of **reported hazards/incidents** for the year per 100 full-time equivalent staff members;
- b) the number of **‘lost time’ standard claims** for the year per 100 full-time equivalent staff members;
- c) the **average cost per claim** for the year (including payments to date and an estimate of outstanding claim costs as advised by WorkSafe);
- d) a **minimum of two prior years’ data** on these indicators and explanations for significant variations from one year to the next; and
- e) in the event of a **fatality**, a discussion of the circumstances that led to the fatality and the preventive measures that have been taken to prevent recurrence. If the fatality is under investigation or subject to an inquiry, a statement to that effect should be included.” (Paragraph 6.10 of FRD 22G)

An example of such a disclosure is set out in the MRO.

<sup>30</sup> Paragraph 4.2, FRD 22G

<sup>31</sup> paragraph 6.10, FRD 22G

## 10. Disclosures in Section 3 (Workforce Data)

This chapter 10 discusses the disclosures that a public body is required – or expected - to make in its Report of Operations, as detailed in **Section 3 (Workforce Data)** of the MRO.

### 10.1 Public Administration Employment & Conduct Principles (FRD 22G)

FRD 22G requires your agency’s report of operations to include “a general statement on the application of employment and conduct principles” in your agency.

The *Public Administration Act* 2004 (PAA) contains **employment and conduct principles**, which must be followed. The key principles are summarised in the table below.

This obligation in FRD 22G requires your agency to **demonstrate**, in a **practical way**, how these **principles are applied** within the agency. Ways in which your agency could demonstrate how it has applied these principles could include, for example, reference to:

- the adoption of employment policies that are consistent with the public sector employment principles
- employee training or induction training
- the adoption of organisational values that are consistent with the public sector values

<b>Employment and Conduct principles</b>
<p><b>Public sector values</b> (section 7, PAA)</p> <p>The public sector values are: Responsiveness, Integrity, Impartiality, Accountability, Respect, Leadership and Human rights.</p> <p><b>Public sector employment principles</b> (section 8, PAA)</p> <p>Public entities are required to have in place <b>employment processes</b> that will ensure that:</p> <ul style="list-style-type: none"><li>• employment decisions are based on <b>merit</b>;</li><li>• public sector employees are treated <b>fairly</b> and <b>reasonably</b>;</li><li>• <b>equal employment opportunity</b> is provided;</li><li>• <b>human rights</b> as set out in the Charter of Human Rights and Responsibilities are upheld; and</li><li>• public sector employees have a reasonable <b>avenue of redress</b> against unfair or unreasonable treatment.</li></ul> <p><b>Codes of conduct and standards issued by the Victorian Public Sector Commission (VPSC)</b><sup>32</sup>, include:</p> <ul style="list-style-type: none"><li>• the Code of Conduct for Victorian Public Sector Employees</li><li>• the Conflict of Interest Policy Framework and the Gifts Benefits and Hospitality Policy Framework</li></ul> <p>For further information, please refer to the VPSC’s website (<a href="http://www.vpsc.vic.gov.au">www.vpsc.vic.gov.au</a>).</p>

#### Example (of part of this disclosure)

‘[Agency name] is committed to applying merit and equity principles when appointing staff. The selection processes ensure that applicants are assessed and evaluated fairly and equitably on the basis of the key selection criteria and other accountabilities without discrimination.’

<sup>32</sup> Please note that amendments to the *Public Administration Act* 2004 in 2013 abolished the State Services Authority and the office of the Public Sector Standards Commissioner. The functions performed by the SSA and PSSC are now performed by the Victorian Public Sector Commission (VPSC).

## 10.2 Comparative Workforce Data

(FRD 22G & FRD 29A)

### 10.2.1 Overview

All DELWP agencies that employ staff are required to disclose workforce data in their report of operations.

The source of this requirement may be **either** or **both**:

- **FRD 22G** (which is mandatory for all DELWP public bodies)
- **FRD 29A** (which is mandatory for all DELWP public bodies that employ staff under Part 3 of the PAA, and best practice for most other DELWP public bodies – except for very small entities).<sup>33</sup>

In this section, “**non-VPS staff**” refers to the staff of a DELWP public body – but does not include staff employed under Part 3 of the PAA.

### 10.2.2 What workforce data?

FRD 22G states that a body must disclose in its report of operations:

- **workforce data** for both the **current and previous financial years**; and<sup>34</sup>
- a **statement** that employees have been **correctly classified** in workforce data collections must also be included. (i.e. ‘*Employees have been correctly classified in workforce data collections.*’)

### 10.2.3 Minimum disclosure - workforce data (DELWP body with <20 non-VPS staff)

The **minimum** requirement is for your agency to include in its report of operations workforce data for the current and previous year’s reporting period, as per the example disclosure below (i.e. showing the total number of staff and a gender breakdown).

As a guide, the minimum disclosure is appropriate for an agency with less than 20 employees.

Your entity is expected to provide a **high level commentary** explaining the workforce data provided, defining any terms used and commenting on any significant changes.

<b>Workforce Data</b>				
On 30 June 2016:				
<ul style="list-style-type: none"> <li>• [Agency name] employed 5 staff (4.8 full time equivalent) compared to 7 staff (6.2 full time equivalent) on 30 June 2015.</li> <li>• The proportion of women was [insert] % (compared to [insert] % on 30 June 2015). [#include any other relevant statistics / commentary].</li> </ul>				
Employees have been correctly classified in workforce data collections.				
Classification	2014 - 15		2013 - 14	
	Number (headcount)	FTE	Number (headcount)	FTE
Executive Officers	1	1	1	1
Senior Managers	0	0	1	1
Administration Staff	1	0.8	1	0.4
Field Staff	3	3	4	3.8

<sup>33</sup> This is not a DTF requirement, but rather a guide as to when a DELWP public body is expected to disclose additional workforce data, over and above the minimum.

<sup>34</sup> FRD 22G does not otherwise specify what workforce data must be disclosed. FRD 29A specifies in detail what workforce data must be disclosed.

<b>Total</b>	<b>5</b>	<b>4.8</b>	<b>7</b>	<b>6.2</b>
Male	3	2.8	4	3.8
Female	2	2	3	2.4
<b>Total</b>	<b>5</b>	<b>4.8</b>	<b>7</b>	<b>6.2</b>

**Notes:**

- All figures reflect employment levels during the last full pay period in June of each year.
- Excluded are those on leave without pay or absent on secondment, external contractors/consultants, and temporary staff employed by employment agencies
- Ongoing employees includes people engaged on an open ended contract of employment and executives engaged on a standard executive contract who were active in the last full pay period of June.
- [#Include appropriate definitions for terms such as "FTE".]
- [#Describe any classification used to describe employee types]

#### 10.2.4 Workforce data disclosure (Most DELWP agencies incl. those with PAA Part 3 staff)

Most DELWP agencies are expected to make a disclosure that contains a **similar level of detail** to that required by FRD 29A.

FRD 29A is **mandatory** for departments and public bodies that **employ staff under Part 3** of the *Public Administration Act 2004*.



If your agency employs staff under Part 3 of the *Public Administration Act 2004*, then this FRD is **mandatory**. However most other DELWP bodies (except for very small agencies) are expected to make a workforce data disclosure that contains a similar level of detail to that required by FRD 29A.

FRD 29A requires Information on workforce data is to be presented by headcount and the number of full time equivalents, separated by gender, age and VPS classification levels.

For DELWP agencies that do not employ VPS staff, you should use an appropriate method of classification, as VPS classification levels do not apply.

The workforce data disclosure in the MRO uses a table format, but entities have the discretion over how to present the minimum required information and whether to include any additional information.

General **commentary** on **programs** or **initiatives** that have a significant impact on employment levels between the current and previous reporting period should be included in the report.

**Notes** are required to explain:

- inclusions and exclusions in the employee figures;
- significant rise and fall in the employment numbers during the reporting period due to
- seasonal factors or machinery of government changes; and
- any classification categories that are rolled into an 'other' category.<sup>35</sup>

<sup>35</sup> Page 42-43, MRO.

## 10.2.5 Example disclosure

### Comparative workforce data<sup>(i)(ii)</sup>

**Table 1: Full time equivalents (FTE) staffing trends from 2012 to 2016**

2016	2015	2014	2013	2012
478	481	401	427	397

**Table 2: Summary of employment levels in June of 2015 and 2016**

	Ongoing employees <sup>(iv)</sup>				Fixed term and casual employees
	Employees (headcount) <sup>(v)</sup>	Full time (headcount)	Part time (headcount)	FTE	FTE
June 2016	564	401	163	434	44
June 2015	432	396	36	414	67 <sup>(vi)</sup>

**Table 3: Details of employment levels in June of 2015 and 2016<sup>(vii)</sup>**

	2016			2015		
	Ongoing		Fixed term and casual employees	Ongoing		Fixed term and casual employees
	Employees (headcount)	FTE	FTE	Employees (headcount)	FTE	FTE
<b>Gender:</b>						
Male	243	199	21	192	192	21
Female	321	235	23	240	222	46
<b>Total</b>	<b>564</b>	<b>434</b>	<b>44</b>	<b>432</b>	<b>414</b>	<b>67</b>
<b>Age</b>						
Under 25	33	11	4	6	6	22
25-34	123	75	14	77	67	11
35-44	135	101	15	113	113	27
45-54	186	177	10	167	167	7
55-64	79	63	1	67	59	0
Over 64	8	7	0	2	2	0
<b>Total</b>	<b>564</b>	<b>434</b>	<b>44</b>	<b>432</b>	<b>414</b>	<b>67</b>
<b>Classification<sup>(vii)</sup></b>						
1	24	19	0	21	18	4
2	114	76	14	82	82	31
3	157	93	9	95	93	15
4	91	78	3	81	76	3
5	90	87	8	76	71	6
6	67	61	10	59	56	8
STS	5	5	0	3	3	0
Other <sup>(viii)</sup>	2	2	0	2	2	0
<b>Total</b>	<b>564</b>	<b>434</b>	<b>44</b>	<b>432</b>	<b>414</b>	<b>67</b>

**Notes:**

- (i) All figures reflect employment levels during the last full pay period in June of each year.
- (ii) Excluded are those on leave without pay or absent on secondment, external contractors/consultants, and temporary staff employed by employment agencies, and a small number of people who are not employees but appointees to a statutory office, as defined in the Public Administration Act 2004.
- (iv) Ongoing employees includes people engaged on an open ended contract of employment and executives engaged on a standard executive contract who were active in the last full pay period of June.
- (v) The increase in employment headcount levels between June 2015 and June 2016 is a result of an increase in part time employment that followed implementation of initiatives to support family friendly work arrangements.
- (vi) Twenty fixed term and casual FTE staff were employed for a two month period to support delivery of the Melbourne Technology Exhibition in May 2015.
- (vii) [#explain Classification]
- (viii) Employees reported with a classification of 'other' are [#add explanation]

## 10.3 Workforce Inclusion Policy (FRD 22G)

This disclosure is **only required IF** your agency has a workforce inclusion policy ('WIP').

If your agency has WIP, then FRD 22G requires it to include, in its report of operations:

- a measureable target for a workforce inclusion initiative in its report of operations; and
- a report on its progress against that target, each year in its annual report.



If your agency included a target for a workplace inclusion initiative in its 2014-15 annual report, then it is now required to **report on its progress against that target for the first time** in its 2015-16 annual report.

### 10.3.1 What is a 'workforce inclusion policy'?

A WIP is the generic name for policy made by a department or a Victorian public sector body (such as your agency) *in consideration* of either Commonwealth or State Anti-discrimination Laws, the *Disability Act* (Vic), the PAA or similar laws.<sup>36</sup>

#### Key points:

- The policy must relate to *workforce inclusion* (and not, for example, accessibility); and
- The policy must be for the benefit of a person with disabilities, women, CALD, the indigenous (or similar).

Note that if your agency has a WIP, it may be called another name. (e.g. a 'Reconciliation Action Plan', a 'Gender Inclusion Action Plan', a 'Multicultural Action Plan', or a 'Disability Action Plan').

### 10.3.2 What information must be included in the disclosure?

Your agency must include, in its report of operations disclosure, the following information:

- **one** workforce inclusion initiative from your agency's workforce inclusion policy; and
- details of its **target** for that initiative; and
- a **report on its progress** in 2015-16 towards completion of that target.

If an initiative has **not** been implemented, your agency's disclosure should provide **reasons** why the initiative has not been implemented.

The purpose of the disclosure is to enable the evaluation of your agency's progress against its workforce inclusion plan.

The MRO states that:

*"As this is the first year that this information is being reported, there are no comparatives. It is expected that comparative data will be presented by agencies to demonstrate the cumulative benefits of the initiative. Entities are encouraged to make comments about longer term progress and illustrate the trend over time."*

### 10.3.3 Example (★ updated)

An illustration has been added to the MRO demonstrate the disclosure requirement on workforce inclusion policy. This example has been adapted, for DELWP public bodies for 2015-16.

<sup>36</sup> As advised by Kevin Lee, Assistant Director, Accounting Policy Department of Treasury and Finance in 2015.

### **'Workforce inclusion policy**

[Agency name] is working towards to creating a balanced working environment where equal opportunity and diversity are valued. As part of the workforce inclusion policy, [Agency name] has a 50/50 target on the employees' gender profile by 1 July 2019.

The following table outlines [Agency name]'s actual progress against this target in 2015-16.'

<i>Workforce inclusion policy initiative</i>	<i>Target</i>	<i>Actual progress in 2015-16</i>
Balanced employee gender profile	On-going/fixed-terms/casual basis employees: 50 per cent male; 50 per cent female by 1 July 2019	Employee: 56 per cent male; 44 per cent female

## **10.4 Executive Officer Disclosures (FRD 21B) [FRD 15C ★revised]**

**FRD 21B** requires all DELWP public bodies to make an Executive Officer disclosure in Note 41 of their **Financial Statements**. Complying with this FRD is **mandatory** for all DELWP agencies. However as this disclosure is made in a body's financial statements, it is **not discussed in any detail in this guide**.

**FRD 15C** requires departments to make an additional disclosure of information about executive officers in their **Report of Operations**, detailing information that is not captured by the EO disclosure in the Financial Statements.

DELWP public bodies are encouraged to make an additional EO disclosure in their report of operations, similar to the disclosure that departments make under FRD 15C.



FRD 15C has updated the definition of an 'executive officer' so that it now aligns with the definition in FRD 21B *Disclosure of Responsible Persons, Executive Officers and Other Personnel in the Financial Report*.

### **10.4.1 What is the difference between the EO information disclosed by FRD 21B and 15C?**

The EO data disclosed in the Financial Statements Note 41 does not:

- distinguish between executive levels;
- disclose separations<sup>37</sup>, vacant positions, executives whose total remuneration is below \$100 000, nor does it include the Accountable Officer.

### **10.4.2 Which parts of FRD 15C are not applicable to DELWP agencies?**

There is no need for a DELWP agency to disclose portfolio entity information (i.e. the information set out in Table 4 ('Number of EPOs for the department's portfolio entities') of Chapter 3 of the MRO.

### **10.4.3 Definitions**

Note that key terms are defined in both FRD 21B and FRD 15C, such as:

- **'Executive Officer'**: means a person occupying a management role within a reporting entity, excluding Governor-in-Council appointments as statutory office holders. For a **public body**, an executive officer **includes** a person employed at an annual compensation rate **not less than** the

<sup>37</sup> Separations are those executives who received more than \$100 000 in the financial year and have left the Department during this year.

**minimum** remuneration of the Victorian Public Service (VPS) EO-3 Band over the reporting period – which is **\$276 044** (from 1 July 2015).<sup>38</sup>

- **‘Annualised employee equivalent (AEE)’** is calculated by dividing the total number of ordinary hours that an employee worked over the reporting period by the total number of full-time working hours per annum (this is generally 38 hours per week for 52 weeks per year). (para 6.2, FRD 21B)
- **‘Remuneration’** means “remuneration package and includes any money, consideration or benefit received or receivable by the person as a responsible person or executive officer but excludes reimbursement of out-of-pocket expenses, including any amount received or receivable from a related party transaction.” (see para 6.7, FRD 21B)

Please check to make sure that the following executive officer data in your agency’s annual report is **reported consistently**:

- the total number of executive officers reported in the notes to their Financial Statements (i.e. in accordance with FRD 21B);
- the total number of executive officers with **remuneration over \$100 000**, in an entity’s executive officer data disclosure in the Report of Operations (i.e. as a best practice disclosure, consistent with FRD 15C); and
- the total number of executive officers that your entity notified to VPSC in the latest Government Sector Executive Remuneration Panel (GSERP) annual survey (Note that this information will be included in DELWP’s Annual Report 2015-16).<sup>39</sup>

Where there are **differences** in these figures, it is recommended that an **explanation** or additional commentary be included in the notes to the Financial Statements.

<sup>38</sup> Current as at 1 July 2015. Source: <http://vpsc.vic.gov.au/executive-remuneration/victorian-public-service-executive-remuneration/>

<sup>39</sup> FRD 15C requires **departments** such as DELWP to disclose in their annual reports executive officer numbers for all of its “public entities” (as defined in the PAA). DELWP obtains this information from the GSER database maintained by VPSC, which is updated annually with information provided public entities.

## 11. Disclosures in Section 4 (Other Disclosures)

This chapter details **additional disclosures** that your agency **may** be required to make, as detailed in **Section 4 of the MRO (Other Disclosures)**.

### 11.1 Victorian Industry Participation Policy (FRD 25B)

#### 11.1.1 What is VIPP?

Victorian Industry Participation Policy ('VIPP') aims to foster industry development, by encouraging Victorian government departments and public bodies to genuinely consider Victorian, Australian and New Zealand supply.

#### 11.1.2 Application of FRD 25B

FRD 25B applies to all public bodies (and departments).

**!** A disclosure must be made even if the disclosure amounts to a 'nil' response.

FRD 25B sets out the disclosure requirements for VIPP in a public body's report of operations, in accordance with section 9 of the *Victorian Industry Participation Policy Act 2003 (VIPP Act)*. Section 9 requires a public body to report on its compliance with the VIPP in its report of operations for the relevant financial year.

#### 11.1.3 When is a public body required to apply VIPP?

A public body is required to apply VIPP in all procurement and project activities valued at:

- \$3 million or more in metropolitan Melbourne and for statewide projects; and
- \$1 million or more in regional Victoria.

#### 11.1.4 What are "procurement and project activities"?

VIPP applies to the following sorts of Victorian government procurement and project activities:

- procurement of goods and services, regardless of method
- construction projects
- design contracts
- State Purchase Contracts
- Panel suppliers
- major projects and events
- Public Private Partnerships
- investment support grants
- business development grants
- community infrastructure grants.

Refer to FRD 25B for a complete definition.

#### 11.1.5 What information should be disclosed in a body's report of operations?

FRD 25B sets out in detail what information a public body must disclose about contracts to which VIPP applies.

Different disclosure requirements apply to:

- grants and design contracts; and
- all other contracts to which VIPP applies.

#### 11.1.6 Example disclosure

Refer to the MRO for an example disclosure.



Your agency's VIPP disclosure must be referred in **two** locations in the **disclosure index**, once under FRD 25B and once in the 'Legislation' section under the heading of "*Victorian Industry Participation Policy Act 2003*".

## 11.2 Consultancy expenditure

(FRD 22G)

FRD 22G requires details of your agency's **consultancy expenditure** during the reporting period to be disclosed in its report of operations.

Different disclosure requirements to consultancies valued at:

- \$10,000 and over (see 11.2.3 below); and
- Less than \$10,000 (see 11.2.4 below).

### 11.2.1 What is a consultancy?

The guidance note to FRD 22G provides a detailed explanation of the definitions of "consultant" and "contractor".

- A **contractor** is an individual or organisation that is formally engaged to provide works or services for or on behalf of an entity.
- A **consultant** is a particular type of contractor that is engaged primarily to perform a discrete task for an entity that facilitates decision-making through:
  - (a) provision of expert analysis and advice; and/or
  - (b) development of a written report or other intellectual output.



When determining if a service provider is a consultant it is important to consider the **primary purpose** of the engagement (and **not what they call themselves**). The main factor that distinguishes a consultant from other types of contractors is the **predominantly advisory nature** of the work.

### 11.2.2 Consultancies - \$10 000 or more

For each consultancy valued at \$10 000 or more (excl. GST), your agency must:

- include a **summary disclosure** in its **report of operations** (for an example of this disclosure, refer to FRD 22G, the MRO and also the example below); and
- publish a **more detailed disclosure** on its **website** (For an example disclosure, see Appendix 1 to FRD 22G)

### 11.2.3 What information must be disclosed on my agency's website?

For each consultancy valued at \$10 000 or more, a schedule must be provided on your agency's website detailing:

- name(s) of the consultant(s) engaged
- brief summary of the project involved (i.e. the 'purpose' of the consultancy)
- start and end date of the project (**optional**)
- total project fees approved (exclusive of GST)
- total fees incurred (i.e. expenditure) for the reporting period (exclusive of GST)
- any future commitments (i.e. expenditure) relating to each consultancy.

### 11.2.4 Consultancies under \$10 000

For consultancies under \$10 000 (excluding GST), the report of operations should detail:

- the total number of consultancies; and
- the total cost (exclusive of GST).

### 11.2.5 Example disclosure

An example ‘consultancy disclosures’ are also set out in Appendix 1 to FRD 22G and the MRO.

#### Consultancy expenditure

##### Details of consultancies (valued at \$10,000 or greater)

In 2015-16, there were [*three*] consultancies where the total fees payable to the consultants were \$10 000 or greater. The total expenditure incurred during 2015-16 in relation to these consultancies was \$[*amount*] (excl. GST).

Details of individual consultancies are outlined on [*Agency’s Name*]’s website, at [*website address*].

##### Details of consultancies (valued at less than \$10,000)

In 2015-16, there were [*total number*] consultancies engaged during the year, where the total fees payable to the consultants was less than \$10 000. The total expenditure incurred during 2015-16 in relation to these consultancies was \$[*amount*] (excl. GST).

### 11.2.6 Nil Response

If your agency did not have any consultancies during the reporting period that it was required to disclose, then we recommend that a ‘nil response’ disclosure be included in its annual report, so that its clear to the reader that it has considered this requirement.



The information on your agency’s website (on consultancies valued at \$10 000 or more) must be available from the date on which your report becomes publically available – at the latest.

Note that additional information about consultancies must be made available on request (see 11.13 of this guide).

## 11.3 Major Contracts (FRD 12A)

FRD 12A requires the disclosure of information about contracts your agency has entered into during the reporting period valued at \$10 million or more.

The MRO contains an example of such a disclosure that complies with the **minimum** requirements of FRD 12A.

DELWP public bodies are encouraged to comply with FRD 12A, where possible.

There is no requirement for a disclosure of major contracts valued at under \$10 million, however a public body may wish to disclose details over and above the minimum.

### 11.3.1 Example disclosure – nil response

An example of a disclosure for a public body that did not award any major contracts is set out below.

#### ‘Major Contracts

[*Agency name*] did not award any major contracts (valued at \$10 million or more) during 2015-16.

A ‘major contract’ is a contract entered into during the reporting period valued at \$10 million or more.’

## 11.4 Government advertising expenditure [★updated] (FRD 22G)

FRD 22G requires an entity to disclose certain information about its expenditure on government campaign advertising in its report of operations.

A “**government campaign advertising**” is a campaign bought by your entity through the Master Agency Media Services (MAMS) media buying contract. (see definitions in FRD 22G of “government campaign advertising” and “campaign”).

★ **UPDATE** For 2015-16, the threshold for disclosing government advertising expenditure has been reduced from \$150,000 to **\$100 000**, by FRD 22G.

### 11.4.1 What information must be disclosed?

For each **government advertising campaign** with **total media spend of \$100 000 or greater** (exclusive of GST), an entity should disclose the following information in its report of operations:

- name of the advertising campaign;
- start and end date of campaign;
- campaign summary; and
- **details of campaign expenditure** for the reporting period (exclusive of GST). The following expenses should be separately itemised, as shown in the example disclosure in Appendix 2 to FRD 22G:
  - advertising (media);
  - creative and campaign development;
  - research and evaluation;
  - print and collateral; and
  - other campaign costs.

### 11.4.2 Example disclosure

Refer to Appendix 2 of FRD 22G and the MRO for an **example disclosure**, adapted for agencies, below.

Government advertising expenditure								
Details of government advertising expenditure (campaigns with a media spend of \$100 000 <sup>1</sup> or greater)								
(\$ thousand)								
Name of Campaign	Campaign summary	Start/End date	Advertising (Media) Expenditure 2015-16 (excl. GST)	Creative & campaign development Expenditure 2015-16 (excl.GST)	Research & evaluation Expenditure 2015-16 (excl.GST)	Print and collateral Expenditure 2015-16 (excl. GST)	Other Campaign Expenditure 2015-16 (excl. GST)	Total
E-recycling	A 6 month campaign to educate companies on how to recycle electronic waste.	Aug 2015 – Jan 2016	620	15	32	12	8	680

### 11.4.3 Example disclosure - Nil response

If your agency has **not met the disclosure threshold of \$100 000** on government advertising expenditure, FRD 22G now states that an explicit statement (a '**nil report statement**') must be included in its annual report (or a 'nil disclosure'). An example is set out below.

#### **'Government advertising expenditure**

*[Agency name]'s expenditure in the 2015-16 reporting period on government campaign expenditure did not exceed \$100 000.'*

## 11.5 ICT expenditure

(★new) (FRD 22G)

Your agency is required to now disclose its total Information and Communication Technology (ICT) expenditure for the reporting period in its report of operations.<sup>40</sup>

"ICT expenditure" means an agency's costs in providing business enabling ICT services. (see definition below)

### 11.5.1 What information needs to be disclosed?

FRD 22G requires the following information to be disclosed, for the full 12 month reporting period:

Your entity's:

- **total entity ICT expenditure;**
- **total entity ICT Business As Usual (BAU) expenditure;** and
- **total entity ICT Non BAU expenditure;** and a breakdown for:
  - i) Operational expenditure (OPEX); and
  - ii) Capital Expenditure (CAPEX).

### 11.5.2 Background & further information

The purpose of this new disclosure is to increase government transparency in managing ICT expenditure and promote consistency in tracking ICT expenditure.

This new disclosure is in response to a recommendation from the Victorian Auditor-General's Office (VAGO) performance audit on *Digital Dashboard: Status Review of ICT Projects and Initiatives*. This audit recommended that DPC establish an ICT reporting mechanism to improve government transparency and enable better ICT benchmarking across government.

An *ICT Reporting Standard* and *ICT Expenditure Reporting Guideline* were developed and approved by the Victorian Secretaries Board on 16 September 2015. They are available at:

<http://www.enterprisesolutions.vic.gov.au/ict-dashboard/>

- **ICT Reporting Standard:** is mandatory for public bodies to comply with.
- **ICT Expenditure Reporting Guideline:** is a guide only.

### 11.5.3 Definitions<sup>41</sup>

- **ICT expenditure:** an agency's costs in providing business enabling ICT services. ICT expenditure consists of the following cost elements:

<sup>40</sup> paragraph 6.17 of FRD 22G

<sup>41</sup> new definitions are contained in paras 5.5, 5.6 and 5.7 of FRD 22G.

- operating and capital expenditure (including depreciation);
- ICT services – internally and externally sourced;
- cost in providing ICT services (including personnel & facilities) across the agency, whether funded through a central ICT budget or through other budgets; and
- cost in providing ICT services to other organisations.

For a detailed definition of “ICT expenditure”, please refer to the Glossary in the ICT Reporting Standard.

- **Non Business As Usual (Non BAU):** non BAU ICT expenditure is a subset of ICT expenditure that relates to **extending or enhancing current** ICT capabilities and are usually run as projects.
- **Business As Usual (BAU):** all remaining ICT expenditure is considered BAU ICT expenditure and typically relates to **ongoing activities** to operate and maintain the current ICT capability.

**Total ICT expenditure = ICT BAU expenditure + ICT Non BAU expenditure**

#### 11.5.4 Example disclosure

An **example disclosure** is set out in Annexure 3 of FRD 22G and the MRO (p.55-56), and is adapted below.

<b>‘Information and Communication Technology (ICT) expenditure</b>			
For the 2015-16 reporting period, the [Agency name] had a total ICT expenditure of <b>\$100 000</b> , with the details shown below.			
(\$ thousand)			
<i>Business As Usual (BAU) ICT expenditure</i>	<i>Non-Business As Usual (non-BAU) ICT expenditure</i>	<b>Non-BAU ICT expenditure</b>	<b>Non-BAU ICT expenditure</b>
(Total)	(Total = Operational expenditure and Capital Expenditure)	• <i>Operational expenditure (OPEX)</i>	• <i>Capital expenditure CAPEX</i>
60	40	30	10

“ICT expenditure” refers to [Agency name’s] costs in providing business-enabling ICT services. It comprises Business As Usual (BAU) ICT expenditure and Non-Business As Usual (Non-BAU) ICT expenditure.

“Non-BAU ICT expenditure” relates to extending or enhancing [Agency name]’s current ICT capabilities.

“BAU ICT expenditure” is all remaining ICT expenditure which primarily relates to ongoing activities to operate and maintain the current ICT capability.

#### 11.5.5 Example disclosure - Nil response

An explicit statement of ‘nil reports’ is required where the relevant activities or circumstances do not result in any spending.

<b>‘Information and Communication Technology (ICT) expenditure</b>
For the 2015-16 reporting period, the [Agency name] had a total ICT expenditure of \$0.
“ICT expenditure” refers to [Agency name’s] costs in providing business enabling ICT services.’

## 11.6 Freedom of Information

(FRD 22G)

FRD 22G requires your agency to provide a summary of the **application** and **operation** of the *Freedom of Information Act 1982* ('**FOI Act**') within the agency during the year.

The **application** text could include information on:

- how a person can make an FOI request
- the fee that must accompany an FOI request
- the name of the agency's authorised FOI officer
- your agency's contact details.

The **operation** text could include information on:

- number of FOI requests received in the period
- a summary of the types of requesters (i.e. "six were from Members of Parliament")
- the number of FOI decisions made in the period
- the categorisation of FOI decisions (e.g. released in full, released in part or denied in full)
- the number of reviews and complaints received by the FOI Commissioner
- the number of appeals to VCAT by FOI applicants.

**!** When referring to the application fee in the report the figure should reflect the fee **at the date the report is signed off**, not the fee applicable during the report period. This fee is updated (ie increased) annually, with the **new fee applicable** from **1 July**. The application fee from **1 July 2016 is \$27.90**. Please note that you will also receive confirmation of the new fee from the Department of Justice and DELWP.

### DELWP agencies that have an authorised FOI Officer

Many DELWP portfolio agencies have their own Freedom of Information Officer. If your agency has its own Freedom of Information Officer, refer to the MRO for an example of how this disclosure might be made.

### DELWP agencies that do not have an authorised FOI Officer:

Some smaller agencies do not have their own FOI Officer. Instead, they use DELWP's Freedom of Information Unit for assistance with handling requests, and decisions are made by the agency's Principal Officer.

## 11.7 Compliance with *Building Act 1993*

(FRD 22G)

FRD 22G requires your agency to include a statement on its "compliance with the building and maintenance provisions of the *Building Act 1993*".

If your agency **owns** or **controls** Government buildings, then its report of operations **must** include a disclosure containing the following information:

- mechanisms to ensure that buildings conform with the building standards;
- major works projects (greater than \$50 000);
- major works (greater than \$50 000) not subject to certification of plans, mandatory
- inspections of the works and issue of occupancy permits or certificate of final inspection;
- mechanisms for inspection, reporting, scheduling and carrying out of rectification and maintenance works on existing buildings;

- number of buildings conforming with building standards;
- number of buildings that have been brought into conformity during the reporting period; and
- number of cases and circumstances where registered building practitioners became deregistered.

### 11.7.1 Example – Minimum disclosure

#### **‘Compliance with *Building Act 1993***

[Agency name] owns and operates four regional offices in Ballarat, Bendigo, Geelong and Horsham.

[Agency name] complies with the *Building Act 1993*, the *Building Regulations 2006* and associated statutory requirements and amendments. Either an Occupancy Permit or a Certificate of Final Inspection is obtained for new facilities or for upgrades to existing facilities endorsed by a Municipal Building Surveyor or a Registered Building Surveyor Practitioner.

[Agency name] conducts and reports on quarterly inspections of its owned buildings to ensure compliance with building standards and regulations. This internal control system allows [Agency name] to satisfactorily manage risks.

[Agency name] commenced or completed one major project or works in 2015–16 on buildings owned or controlled by it greater than \$50 000 in 2015-16:

- [describe, by name e.g. ‘Geelong office redevelopment’]

[Agency name] conducted no other major projects or works on buildings owned by it greater than \$50,000 in 2015-16.

[Agency name]’s office in Bendigo, Geelong and Horsham conformed with building standards, during 2015-16.

[Agency name]’s regional office in Ballarat has been brought into conformity during 2015-16.

There have been no cases of registered building practitioners becoming deregistered following work on buildings owned by [Agency name].’

If your agency leases a government building, then it would generally be regarded as “controlling” that building (i.e. assuming it has exclusive possession).

For an example of a disclosure where a service provider is responsible for managing your agency’s leased portfolio, please refer to DELWP’s annual report for the period 2014-15.

### 11.7.2 Example disclosure - Nil response

A disclosure **must** be made even if your agency does not own or control any Government buildings, to identify that your agency is exempt. An example of such a disclosure (a ‘nil response’ disclosure) is set out below.

#### **‘Compliance with *Building Act 1993***

[Agency name] does not own or control any government buildings and consequently is exempt from notifying its compliance with the building and maintenance provisions of the *Building Act 1993* [for publicly owned buildings controlled by [#Agency name].’



The disclosure in the report of operations must be referenced **twice** in the disclosure index, once under FRD 22G and once under the “Legislation” section of the index under the heading of “*Building Act 1993*”.

## 11.8 National Competition Policy

(FRD 22G)

National Competition Policy (NCP) expects government owned businesses to compete with private sector businesses on the same footing (subject to certain exemptions). FRD 22G requires your agency to include a statement, to the extent applicable, in its report of operations on its implementation and compliance with the NCP.

This statement should include details of your agency's compliance with the requirements of the policy statement "Competitive Neutrality Policy Victoria" and any subsequent reforms.

Information about the National Competition Policy is available from DTF's website at [this link](#).<sup>42</sup>

### 11.8.1 Example disclosure

#### 'National Competition Policy

Under the National Competition Policy, the guiding legislative principle is that legislation, including future legislative proposals, should not restrict competition unless it can be demonstrated that:

- the benefits of the restriction to the community as a whole outweigh the costs; and
- the objectives of the legislation can only be achieved by restricting competition.

Competitive neutrality seeks to enable fair competition between government and private sector businesses. Any advantages or disadvantages that government businesses may experience, simply as a result of government ownership, should be neutralised.

The [Agency name] continues to implement and apply this principle in its business undertakings.'

## 11.9 Protected Disclosures Act 2012

(FRD 22G & PD Act)

Most DELWP agencies will be:

- a "public body" for the purposes of the PD Act; and
- required to comply with s.70(1) of the PD Act if they have a legislative obligation to prepare an annual report.

### 11.9.1 Disclosures required by FRD 22G & s.70(1) of the PD Act

FRD 22G requires a body's report of operations to include:

- a summary of the **application** and **operation** of the *Protected Disclosures Act 2012* (PD Act); and
- any **disclosures** required by the PD Act.

Section 70(1)(a) of the PD Act requires "public bodies" (as defined by the PD Act) to include, in their annual report, details on **how to access the procedures** that the public body is required to establish under Part 9 of the PD Act.

#### What procedures must be established under Part 2 of the PD Act?

! A "public body" that is not able to receive disclosures under Part 2 of the PD Act must establish procedures for the protection of persons from detrimental action in contravention of s. 45 taken by the public body or members, officers or employees of the public body.

(Note that additional disclosures must be made by public bodies able to *receive* protected disclosures. The only DELWP portfolio agency that is able to *receive* protected disclosures is EPA, because it is a "public service body" as defined by the PAA.<sup>43</sup>

<sup>42</sup> <http://www.dtf.vic.gov.au/Victorias-Economy/Economic-policy-and-guidelines/Competition-policy-in-Victoria>

<sup>43</sup> Current as at the date of publication of this guide.

### 11.9.2 Who is required to comply with s.70(1) of the PD Act?

Section 70(1) of the PD Act applies to a “public body” that is required by another Act to produce an annual report for a financial year. Note that the definition of “public body” in the PD Act is **different** to the FMA definition.

The PD Act defines “**public bodies**” broadly, to include:

- all “public entities”, as defined by the PAA;
- Victorian government departments;
- “administrative offices”, as defined by the PAA (e.g. EPA);
- local councils; and
- a body, whether incorporated or unincorporated, established under an Act for a public purpose.

### 11.9.3 Example disclosure (for DELWP portfolio agencies)

#### Compliance with the *Protected Disclosures Act 2012*

The *Protected Disclosure Act 2012* (PD Act) enables people to make disclosures about improper conduct by public officers and public bodies. The Act aims to ensure openness and accountability by encouraging people to make disclosures and protecting them when they do.

#### What is a 'protected disclosure'?

A protected disclosure is a complaint of corrupt or improper conduct by a public officer or a public body.

[Agency name] is a “public body” for the purposes of the Act.

#### What is 'improper or corrupt conduct'?

Improper or corrupt conduct involves substantial:

- mismanagement of public resources; or
- risk to public health or safety or the environment; or
- corruption.

The conduct must be criminal in nature or a matter for which an officer could be dismissed.

#### How do I make a 'Protected Disclosure'?

You can make a protected disclosure about [Agency name] or its board members, officers or employees by contacting IBAC on the contact details provided below.

Please note that [Agency name] is not able to receive protected disclosures.

#### How can I access [Agency name]'s procedures for the protection of persons from detrimental action?

[Agency name] has established procedures for the protection of persons from detrimental action in reprisal for making a protected disclosure about [Agency name] or its employees. You can access [Agency Name]'s procedures on its website at: [Link to procedures on Agency's website].

#### Contacts

##### Independent Broad-Based Anti-Corruption Commission (IBAC) Victoria

Address: Level 1, North Tower, 459 Collins Street, Melbourne Victoria 3000.

Mail: IBAC, GPO Box 24234, Melbourne Victoria 3001

Internet: [www.ibac.vic.gov.au](http://www.ibac.vic.gov.au)

Phone: 1300 735 135

Email: see the website above for the secure email disclosure process, which also provides for anonymous disclosures.

### 11.10 Establishing Act

Your agency *may* be required to make additional disclosures in its annual report under:

- its establishing (or enabling) Act;
- a Ministerial Direction; or
- Statement of Expectations or Statement of Obligations.

A disclosure is made in the MRO by the department in accordance with the (fictional) *Technology Act 1991*. This disclosure provides some guidance.



This guide only discusses the types of reporting obligations that apply to most DELWP public bodies. Consider whether your agency has obligations in other Acts that require it to report on certain matters in its annual report.

### 11.11 Office-based Environmental Impacts

(FRD 24C)

FRD 24C outlines the requirement for some public bodies to report office based environmental impact data.



This FRD is mandatory for some public bodies. Please refer to the FRD for a list of those bodies. The FRD encourages all public bodies to implement this reporting, even if not mandatory.

The 'office based environmental impacts' section in the MRO provides examples of environmental reporting for 'energy', 'waste', 'paper', 'water', 'transport' 'greenhouse gas emissions' and 'procurement'.



Public bodies participating in [ResourceSmart](#) may wish to report their progress against the measures put in place under this program.

### 11.12 Compliance with DataVic Access Policy

(MRO)

The MRO encourages public bodies (and departments) to make a disclosure in their report of operations, on their compliance with the Victorian Government's *DataVic Access Policy (2012)*.

The DataVic Access Policy expects Government data from all Victorian Government agencies to - progressively - be supplied in a machine readable format, to maximise use and minimise access costs.

Your agency is encouraged to:

- include a statement, such as that set out in the MRO (p.70), detailing any information in the report that it has submitted to DataVic, and noting the machine readable formats that the data is available in (e.g. CSV, XLS, XML etc.); and
- incorporate DataVic Access Policy achievements in its annual report. The commentary in the MRO provides examples of such achievements.

The DataVic Access Policy and further details on that policy are available from DTF's website at: <http://www.dtf.vic.gov.au/Victorias-Economy/Victorian-Government-intellectual-property-and-data-policies/DataVic-Access-Policy>.

### 11.12.1 Example disclosure

#### Compliance with DataVic Access Policy

Consistent with the DataVic Access Policy issued by the Victorian Government in 2012, the information *[insert relevant information submitted to DataVic e.g. all data tables]* included in this Annual Report will be available at <http://www.data.vic.gov.au/> in electronic readable format *[note: suitable formats are CSV, XLS, XML etc., PDF and Word are not suitable formats]*.

### 11.13 Statement of availability of other information (FRD 22G)

FRD 22G requires a body's report of operations to contain a **statement** indicating that the following information (to the extent applicable) is **available on request**, subject to the *Freedom of Information Act 1982*:

- a statement that **declarations of pecuniary interests** have been duly completed by all relevant officers.
- details of **shares** held by a senior officer as nominee, or held beneficially in a statutory authority or subsidiary.
- details of **publications** produced by the agency about itself, and how these can be obtained.
- details of **changes** in prices, fees, charges, rates and levies charged by the agency.
- Details of any major **external reviews** carried out on the agency.
- Details of **major research** and **development activities** undertaken by the agency.
- Details of **overseas visits** undertaken, including a summary of the objectives and outcomes of each visit.
- Details of major **promotional**, public relations and marketing **activities** undertaken by the agency to develop community awareness of the entity and its services.
- Details of assessments and measures undertaken to improve the **occupational health and safety** of employees.
- A general statement on **industrial relations** within the agency, and details of time lost through industrial accidents and disputes.
- A list of the agency's **major committees**; the purposes of each committee; and the extent to which the purposes have been achieved.
- Details of **all consultancies** and **contractors** including: consultants/contractors engaged; services provided; and expenditure committed for each engagement.

#### 11.13.1 When should this information be prepared?

Your agency's accountable officer must, as part of his or her report preparation, ensure that **at the date of the report** the above information has been prepared or collected.

#### 11.13.2 What information should be included in my agency's report of operations?

The statement in your body's report of operations should:

- specify that the information referred to in the statement is **available**, or **available in part**; and
- provide the **contact details** of who to submit a request to at your agency

Where convenient, your agency may decide to include any of this additional information in its report of operations (for example, information about its committees or details about OH&S matters).

### 11.13.3 Information that is not applicable to your agency:

Not all of the information prescribed by FRD 22G will be applicable to your agency. If certain information is not applicable to your agency, then it is recommended that this be stated in its report of operations. Refer to the example disclosure below. For example, the following types of information will generally not be relevant to DELWP public bodies:

- a declaration of shares held by senior officers as nominee or held beneficially in a statutory authority or subsidiary (ie. paragraph 6.19(b), FRD 22G)
- details of overseas visits undertaken (ie. paragraph 6.19(g), FRD 22G)

### 11.13.4 Example disclosure

#### **Additional Information**

##### **Additional information available on request**

In compliance with the requirements of the Standing Directions of the Minister for Finance, details in respect of the items listed below have been retained by [Agency name] and are available (in full) on request, subject to the provisions of the *Freedom of Information Act 1982*:

- (a) Details of publications produced by [Agency name] about itself, and how these can be obtained.
- (b) Details of any major external reviews carried out on [Agency name].
- (c) Details of major research and development activities undertaken by [Agency name].
- (d) Details of major promotional, public relations and marketing activities undertaken by [Agency name] to develop community awareness of the entity and its services; and
- (e) Details of changes in prices, fees, charges, rates and levies charged.

The information is available on request from:

[Title]

[Agency Name]

Phone: (03) 9xxx xxxx

Email: [email address]

##### **Additional information included in annual report**

Details in respect of the following items have been included in [Agency name]'s annual report, on the pages indicated below:

- (f) assessments and measures undertaken to improve the occupational health and safety of employees (on page #).
- (g) a statement on industrial relations within [Agency name] (on page #).
- (h) a list of [Agency name]'s major committees; the purposes of each committee; and the extent to which the purposes have been achieved (on page #); and
- (i) a statement of completion of declarations of pecuniary interests by relevant officers (on page #).

##### **Information that is not applicable to [Agency name]**

The following information is not relevant to [Agency name] for the reasons set out below:

- (j) a declaration of shares held by senior officers (*No shares have ever been issued in [Agency name]*).
- (k) Details of overseas visits undertaken (*No board members or senior executives took overseas work related trips.*)

Refer to DTF's additional guidance material on FRD 22G for further details.



It is **not** sufficient to just state that "additional information, as required by Financial Reporting Direction 22G, is available on request".

## 12. Design and printing requirements

### 12.1 Design and Printing Requirements (FRD 30C)

[★ updated]

FRD 30B defines the design and print specifications for annual reports to ensure consistency, cost minimisation and low environmental impact.

Minor changes were made to FRD 30C & apply for the 2015-16 reporting period:

★  
NEW

- Individual pages within a report may now be printed in **landscape** format, to improve readability and understanding of information, such as tables, charts and graphs.
- the definitions of '**embossing**' and '**portrait**' have also been updated.

Key requirements of FRD 30B are summarised below.

#### 12.1.1 Use of colour

- A **single colour** is to be used for the text in all internal pages of the report; **black** is preferred.
- **Additional colours** may be used for charts, graphs or maps, diagrams if it is essential for the proper understanding of that information.
- **Full colour** (on both sides) may be used for the **report cover**.

#### 12.1.2 Photographs

- Photography is to be kept to a minimum, with no full page photographs. Photographs on internal pages of the report should be in black and white.
- Photographs of senior management are not necessary; photographs of relevant Minister and Secretary/CEO/organisation head may be included but are not necessary.

#### 12.1.3 For annual reports published in hard copy

- Annual reports must be '**perfect bound**' (that is, they must be bound with glue – not stapled or spiral-bound).
- Uncoated stock is to be used, together with vegetable based inks and water based glues.

#### 12.1.4 Printing costs

- **printing costs** are expected to be kept to a minimum.
- The number of **pages** and the number of **copies** should be kept to a minimum.

## 12.2 Page numbering and referencing

The report should be published as **one document**. Pages should be numbered consecutively.

Insertion of separate documents that are not page numbered and are not referenced on the contents page or the disclosure index are not appropriate.

## 12.3 Auditor-General's Report

Your agency should ensure that space is allocated in the financial statements for the Auditor-General's Independent Audit Report. The certificate must be reproduced within the report and be a true reproduction of the original, which is usually two pages.

## 12.4 Privacy

The use of photos and/or information about staff or other persons may be **personal information** within the meaning of the *Privacy and Data Protection Act 2014*. Unless the information in the report is required by law, your agency may need to obtain the consent of the person before it is used.

! If in doubt about the ability to use and disclose **personal information** in a report, it is recommended that you obtain the **express written consent** of the person whose personal information is used in the report.

## 12.5 Copyright

A copyright statement must appear in all reports. The State of Victoria **owns** the copyright for all departments and public bodies, including your agency.

### Example

© State of Victoria, [body name] 2016. This publication is copyright. No part may be reproduced by any process except in accordance with the provisions of the *Copyright Act 1968*.

! You must ensure that the required permission to reproduce the copyright material (such as photos) of others has been obtained.

## 12.6 ISSN

Your agency should obtain an ISSN (International Standard Serial Number) for the report, if this has not already occurred in the past.

ISSNs are only issued to ongoing serial publications, which are intended to continue indefinitely. As an annual report is a serial, rather than a once-off publication, it should have an ISSN not an ISBN (an International Standard Book Number).

### 12.6.1 How to apply for an ISSN

ISSNs are issued (at no cost) by the National Library of Australia (NLA). [Further information on ISSNs](#) together with an [online application form](#) for an ISSN is available on the NLA website (see below).

### 12.6.2 Medium of publication

Annual reports can be published in range of mediums, most commonly print and online.

! Where a serial is published in more than one medium, a **separate ISSN** is required for **each format**.

- **Printed reports:** All reports that are to be published in hard copy require an ISSN number from the NLA. Usually, the same 'print' ISSN is used each year. It is inserted on the business page prior to printing.
- **Online reports:** A separate, online ISSN is preferable if the report is to be published online, but it is **not mandatory**. Usually, the same 'online' ISSN is used each year. However, it can be problematic to include it in your report the **first year** it is obtained: an annual report must not be altered after tabling and an online ISSN is not usually issued until after the annual report is published online and the NLA has checked the URL. In certain circumstances NLA may agree to issue an online ISSN prior to publication of a report online. Otherwise, apply for the ISSN and use it for future editions.

### **12.6.3 Change of title**

- A change in title of a serial generally requires the allocation of a new number. However updating the year in the title of an entity's annual report does not require the allocation of a new number.

### **12.6.4 National Library of Australia (NLA)**

- phone (02) 6262 1213 (enquiries 10am -12 pm and 2 pm - 4 pm Monday to Friday).
- NLA website: <http://www.nla.gov.au/>

## 13. Checklist of common errors to avoid

The following **checklist** can help your agency to avoid common errors in preparing an annual report:

- Are the references to each of the **responsible ministers** correct?
- Is the **Auditor-General’s letter** included? Is it this year’s letter?
- Is the **Disclosure index** included (& is it the first appendix)? Are the FRD numbers and pages references correct?
- Are the **independent** members of the **audit committee** identified?
- Is the **five year summary** of financials current?
- Has the **contact person** for the *FOI Act* been updated? Have you updated the **FOI fee**?
- Have you used the new wording for your **attestation for compliance with SD 4.5.5 (i.e. the VGRM Framework)**?
- Have you included a new **ICT expenditure** disclosure?
- If your agency manages any **capital projects**, have you considered if your agency should make a (new) disclosure?
- In your statement detailing **additional information** available on request, have you:
  - identified whether information is available **in full** or **part**?
  - considered if any of the prescribed information could be **included** in your agency’s annual report?
- Have you checked the **list of changes** to the annual reporting requirements effective for the 2015-16 reporting period and made sure they have all been addressed?
- Have you checked the following references to make sure they have been updated?
  - the relevant financial year (i.e. “2015-16” not “2014-15”)
  - all updated FRDs (i.e. “FRD 22G” not “FRD 22F”)
- Are all references to **financial amounts** in your agency’s report of operations **consistent** with the corresponding amounts in its financial statements?
- Is there a statement for every **required disclosure** – even if it is a **‘nil’ response**? See below for a list of all FRDs that require a nil report to be made.
- For disclosures which require data to be provided for more than one year (e.g. Workplace data), have you checked to make sure that the data you are including in your 2015-16 annual report is the **same** as that disclosed in its 2014-15 annual report?
- Has the report been signed off by **three signatories**? (i.e. the CFAO, Accountable Officer and a member of the board).<sup>44</sup>
- Are all **pages** properly numbered? (and continuous?)
- Have you checked to make sure all **cross references** to pages within your agency’s report are correct?

<sup>44</sup> Refer to SD 4.2(c) and the commentary in the MRO for when two signatories are acceptable for a public body.

### Disclosures which must be made TWICE – once in the Report of Operations & once in the Financial Statements

- Victorian Industry Participation Policy (FRD 25B)
- Names of responsible Ministers (FRD 22G and FRD 21B)
- Subsequent Events (FRD 22G and see Note 43 MFS)
- Significant changes or factors affecting performance (FRD 22G )

### List of FRDs that require a 'nil report' (or 'nil disclosure') to be made

- Significant changes in financial position (FRD 22G)
- Significant changes or factors affecting performance (FRD 22G)
- Subsequent Events (FRD 22G)
- Victorian Industry Participation Policy (FRD 25B)
- Major Contracts (FRD 12A)
- Government advertising expenditure (FRD 22G)
- ICT expenditure (FRD 22G)
- Freedom of Information (FRD 22G and the *Freedom of Information Act 1982*)
- Compliance with the *Building Act 1993* (FRD 22G & the *Building Act 1993*)

## 14. Submission and tabling of Annual Reports

This chapter explains:

- whether your agency’s annual report must be tabled in parliament;
- what the tabling date of an annual report is; and
- who is responsible for tabling.

### 14.1 Tabling vs. Reporting

Presenting a document to Parliament is called ‘tabling’. It is the **minister’s** obligation to table a public body’s annual report in parliament.<sup>45</sup>

However not all annual reports prepared in accordance with the FMA must be tabled in parliament. If it is apparent to the minister from the annual report that your agency’s expenses and obligations in respect of the financial year do not exceed **\$5 million**, then the minister is not required to table that report. Instead, the minister must **report** to each House of Parliament that he has the **received** the agency’s annual report.<sup>46</sup>

The **exception** to this is where a member of parliament requests that a report be tabled (i.e. where that annual report is not otherwise required to be tabled). In this instance, (i.e. if a member of parliament so requests), then the minister must cause the report to be tabled in both Houses of Parliament within 14 sitting days of a request by an MP.<sup>47</sup>

### 14.2 Tabling Date

The **legal** deadline for when the minister must have tabled (or reported his receipt of) your agency’s annual report in parliament is specified in the FMA as being:

*“after the end of that financial year and before the end of the next following fourth month of the year **or** on the first sitting day of the House after the end of that month.”*

What does this mean?	
<i>After the end of that financial year</i>	after 30 June 2016
<i>Before the end of the next following fourth month of the year...</i>	before 31 October 2016 (and because reports can only be tabled/reported on days on which both Houses of Parliament are sitting – for 2016 this means <b>before 27 October 2016</b> - being the last available sitting day for both houses of Parliament before 31 October 2016). <sup>48</sup>
<i><b>or</b> on the first sitting day of the House after the end of that month.”</i>	<b>Or</b> on the next sitting day (ie. <b>8 November 2016</b> )

<sup>45</sup> section 46(1), FMA

<sup>46</sup> section 46(2), FMA

<sup>47</sup> section 46(2)(b), FMA

<sup>48</sup> Please note that the legal deadline for DELWP agencies with an EOFY that is not 30 June (such as the Alpine Resort Management Boards) will be different.

Does this mean that there are two FM Act deadlines for tabling/reporting?

Yes! However it is strongly recommended that all reports are tabled by the end of October, due to varying interpretations of section 46 across government.

Please note that the Premier may request that annual reports be tabled (or reported) in Parliament on a date **earlier** than the FMA legal deadline. The Premier may do this via a Premier's Circular – such as Premier's Circular 2012/01 (see section 14.3 below) – or by other means. If the Premier makes such a request, then your agency must comply with that request.

Either the minister or the DELWP division that supports your agency may specify the date by which your agency must provide its annual report to DELWP, to ensure that the minister can comply with the Premier's requested tabling date. This date may be **earlier** than the date requested by the Premier. If this occurs, your agency must comply with this request.

Any questions about the timetable leading up to the submission of your agency's report should be directed to the DELWP division that supports your agency.

### 14.3 Premier's Circular 2012/01

The Premier has requested that Ministers and public bodies ensure that annual reports are **tabled within 3 months of the end of the financial year** (as determined for that public body).<sup>49</sup>

The Premier also requests that:

*“Ministers work with public bodies towards tabling reports **progressively** from the end of the second month after year end (i.e. **from 31 August 2016**), to allow Parliament time to review reports. Refer to the Premier's Circular for full details.”*

The effect of this **in 2016**, for public bodies with a 30 June EOFY, is that Ministers and public bodies should work together to ensure that annual reports are **tabled** (or reported) progressively over the **four** available tabling days in September 2016, as detailed in the table below.

#### 14.3.1 Available sitting days for tabling annual reports

Month	Tues	Wed	Thu
<b>September</b>	- <b>13</b>	- <b>14</b>	<b>1</b> <b>15</b>
<b>October</b>	<b>11</b> <b>25</b>	<b>12</b> <b>26</b>	<b>13</b> <b>27</b>
<b>November</b>	<b>[8]</b> <b>22</b>	<b>9</b> <b>23</b>	<b>10</b> <b>24</b>

- = Reports tabled or reported on the four available sitting days **in September** (as set out in the table above) **will comply** with the Premier's Circular 2012/1.
- = Reports tabled or reported in the month of October will generally **not** comply with the Premier's Circular 2012/1, but will comply with the FM Act (i.e. legal) deadline.
- = Reports tabled in November 2016 will *generally* not comply with the FMA Act (i.e. legal) deadline.<sup>50</sup>

Refer to the [Parliament of Victoria's website](#) for the 2016 sitting day schedule.

<sup>49</sup> In the Premier's Circular 2012/01 (Tabling of Annual Reports),

<sup>50</sup> Section 46 FM Act states that there are two due dates (or deadlines) – the first deadline is on 27 October 2016 and the second deadline is 8 November 2016 (i.e. the first sitting day after the end of October). Refer to the explanation of section 46 as set out in 14.2 of this guide.

### 14.3.2 Insufficient sitting days

The Premier's Circular states that:

*"if there are **insufficient sitting days** in the third month after the end of the financial year (i.e. September, for public bodies with a 30 June EOFY), the reports should be tabled no later than the first sitting day of the following month (i.e. the first sitting day in **October 2014**), for public bodies with a 30 June EOFY."*

There are four available sitting days in September 2016 on which public bodies with a 30 June EOFY are able to table their reports. DPC's initial advice is that this is regarded as being "sufficient".

## 14.4 Inconsistency between FMA & Establishing Act

In addition to any timeframes in the FMA that apply to your agency (as described above), your agency's establishing Act may have certain requirements that the report be tabled by particular date.

Section 54 of the FMA provides that if an agency's establishing Act provides for the tabling of an annual report and this timeline is inconsistent with the FMA, the FMA timelines prevails.

## 14.5 Who arranges for tabling/reporting?

The DELWP division that supports your agency will arrange (on the Minister's behalf) to either table or report his receipt of your agency's annual report in Parliament.

### 14.5.1 Delivery of copies of tabled reports to Parliament

Please note that for tabled reports, in some instances, your agency will be requested to deliver copies of reports directly to Parliament. Please confirm this with the DELWP division that supports your agency.

## 14.6 Number & format of Tabled reports provided to Parliament

If your agency's report is **tabled** in parliament, it must provide:

- **15 hard copy reports** (in total) delivered to the Legislative Council Table Office; and
- **1 electronic (pdf) copy** of your agency's annual report – either: emailed to the Legislative Assembly Procedure Office **OR** delivered to the Legislative Assembly Procedure Office on a CD.

Note:

- An electronic copy of a report must be saved as a **single pdf** document, and must be **identical** to the hard copy reports provided.
- Where an electronic copy is provided on a CD, the CD must be **labelled clearly** with the **name** of the report and the **contact details** of someone at your agency who is able to assist if there are any problems with the CD.
- If it's not possible for your agency to provide a pdf on a CD (or by email) for some reason, then a secure USB stick can be used.

Parliament will use the pdf copy of your agency's annual report to make it available online through its [tabled documents database](#), once reports are tabled.



For the **exact number of copies** of reports that your agency must provide DELWP, please refer to the DELWP division that supports your agency. The total number of reports that your agency must provide DELWP will include the number of reports:

- required by Parliament (*see above*)
- required for legal deposit (*see below*)
- required by the department.

## 14.7 Annual reports – where receipt is reported

If the minister is only required to report his or her receipt of your agency’s annual report to Parliament, then all that is provided to Parliament is a letter (one to each House of Parliament), signed by the responsible minister, reporting his receipt of your agency’s annual report. The DELWP division that supports your agency will arrange for the delivery of these letters to Parliament.

If your agency is not required have its annual reports tabled in Parliament (i.e. its annual turnover is less than \$5 million) then DELWP does not expect that it would publish its annual report in hard copy.

## 14.8 Public release of an annual report

After an annual report has been either tabled in the parliament (or its receipt has been reported), your agency may release the report to the public.

Notice that a report has been tabled or reported in parliament is published in [Hansard](#). Your agency **must wait until this notice has been published** to release its annual report to the public. The DELWP division that supports your agency will usually contact you to let you know when this has occurred.

The annual report that is made available publicly **must be the same** as that tabled in the Parliament or provided to the Minister (as the cases requires).

## 14.9 Legal Deposit

Legal deposit of an annual report is a statutory obligation under the *Victorian Libraries Act 1988* and the Commonwealth *Copyright Act 1968*.

The Victorian Government Library Service is responsible for fulfilling the legal deposit requirements.

Once your agency’s report is tabled (or reported) in parliament, the DELWP division that supports your agency will arrange for the following copies of your annual report to be delivered to the Victorian Government Library Service, to enable it to fulfil the legal deposit requirements:

### Hard copy publications (print):

- **5 x hard copies** of your agency’s annual report
- **1 pdf copy** of your agency’s annual report

### Online publications<sup>(1)</sup> (pdf):

- **1 pdf copy** of your agency’s annual report

<sup>(1)</sup> An “online publication” of an annual report refers to a report that is *only* made available to the public in an electronic form, via an agency’s website.

The number of copies required for legal deposit are **in addition** to the number of copies required for tabling etc.



This information is provided **for your information only**. The DELWP division that supports your agency will advise you of the **exact total number** and **format** of annual reports that it requires you to provide.

## 15. Glossary

Term	Meaning
<b>AAS</b>	means Australian Accounting Standards (and other mandatory professional reporting requirements) issued by the Australian Accounting Standard Board (AASB).
<b>Accountable officer</b>	Has the same meaning as in sections 3 and 42(2)(b) of the FMA. In respect of a public body, accountable officer means the chief executive officer, by whatever name called (e.g. Managing Director, Commissioner).
<b>agency</b>	means a DELWP portfolio agency that is a public body
<b>CFAO</b>	means Chief Finance and Accountable Officer
<b>Department</b>	means a Victorian government department
<b>DELWP division that supports your agency</b>	Means the governance unit or contact person at DELWP that usually assists your agency
<b>DTF</b>	Department of Treasury and Finance (website: <a href="http://www.dtf.vic.gov.au">www.dtf.vic.gov.au</a> )
<b>EOFY</b>	End of Financial Year. For most agencies this is 30 June.
<b>Financial Management Act (FMA)</b>	<i>Financial Management Act 1994</i>
<b>Financial Reporting Direction (FRD)</b>	A financial reporting direction issued by the Department of Treasury and Finance, on behalf of the Minister for Finance under the FMA.
<b>Framework</b>	Victorian Government Risk Management Framework (see Chapter 5).
<b>ISSN and ISBN</b>	See 12.6 of this guide
<b>Model Report</b>	means the Model Report for Victorian Government Departments issued by the DTF. Note that the SDs refer to the Model Report as the <b>model financial report</b> .
<b>MFS</b>	Model Financial Statements
<b>MRO</b>	The Model Report of Operations, being the report of operations in DTF's Model Report.
<b>PAA</b>	<i>Public Administration Act 2004</i> .
<b>Public body or body</b> (also see <b>agency</b> )	Public body has the same meaning as it does in section 3 of the FMA (see 1.3 of this guide) – except when used in the context of the <i>Protected Disclosures Act 2013</i> , in which case it has the same meaning as it does in the PD Act (see 11.9 of this guide).
<b>Public sector agency</b>	means a 'public body' as defined by the FM Act. The SDs use this term instead of "public body".
<b>Responsible body</b>	Has the same meaning as it does in the SDs (i.e. in respect of a public body, the board, or if the body does not have a board, the person that is responsible for governing the body's operations).
<b>Standing Directions (SD)</b>	means the Standing Directions of the Minister for Finance under the <i>Financial Management Act 1994</i> . In the 2016 version of this guide, all references to the SDs refer to the <a href="#">2003 Standing Directions</a> (updated May 2015) unless stated. The <a href="#">2016 Standing Directions</a> (February 2016) come into effect on 1 July 2016.
<b>VMIA</b>	Victorian Managed Insurance Authority
<b>VPSC</b>	Victorian Public Sector Commission (formerly the State Services Authority)

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