



## **LOCAL GOVERNMENT GUIDELINES FOR ANNUAL REPORTING 2006**

Councils are required by the Local Government Act 1989 (the Act) to prepare an annual report. The annual report is a key performance report to the community and should clearly identify how well a council has performed against the targets it set at the beginning of the year.

The annual report is required to contain a report of operations and audited standard, financial and performance statements as well as any other information required by the Local Government (Finance and Reporting) Regulations 2004 (the Regulations).

It should communicate essential messages to a range of audiences and stakeholders and clearly reflect the year's activities and future directions including:

- performance against the Council Plan's strategic indicators stating both positive and negative factors and being informative on both the Council's performance and financial position
- discussion of operations, major events and activities
- reporting on the social, political, environment and economic outcomes.

### **Overall presentation**

The content of the document is the most important factor. Consideration should be taken into account as to whether the document is an effective and informative document in providing important and relevant information to all stakeholders. While it's each individual council's decision as to design, production costs and communication format (i.e. compact disc) of their report; is the design functional, reader friendly, helps understanding and easily accessible by all stakeholders?

Reports should include comparative statistical data summaries for both financial and non-financial activities of preferably five years to indicate trend of information. Note, not all graphical data will meet this time frame but reasons can be provided in captions. Chart and graph captions should provide discussion and/or explanation of any trends or major changes. The document should:

- reflect what Council intended to achieve, the extent to which it achieved those goals
- give reasons where outcomes varied significantly from the goals and indicate future directions.

## Summary

The first 10-15 pages should give the reader a concise summary of the rest of the annual report. This information should provide an understanding of the council and overall performance including both achievements and disappointments, and the impact on future directions.

### Overview (who and where is the council)

- Mission/vision/purpose/values
- Objectives, strategies and directions
- History, profile (including population, geographic area, physical, social and demographic information and services)
- Context map

### Summary of year (major events, Mayor and/or CEO reports)

- Reader friendly (especially in early pages)
- Key events, year in review
- Snapshot of achievements
- Quality of Mayor and CEO report
  - Performance against Council Plan
  - Financial and non financial discussion including comparative data
  - Sustainability
- Changes and reasons for changes
- Financial & non-financial results in brief
- Positives
- Disappointments
- Future directions

### Financial Overview

The annual report should include a plain English explanation of the Council's financial performance for the year, explaining what the result means, why the financial performance is sustainable, and how performance compares with budget and the prior years.

- User reader friendly, simplified commentary on financial year's activities including explanation of actual profit or loss position
- Comparison – budget/actual results
- Linkage to the Strategic Resource Plan
- Comparative data i.e. graphs and charts (5 years where appropriate)
- Reference to the Standard and Financial Statements for further information
- Future impact and challenges

## **Performance Reporting**

Performance reporting should provide a comparison of a council's actual performance against what it planned to do, as specified in the Corporate Plan. There should be reference to the performance against Best Value Plan, including how this has and will lead to improvement. The third element of this section should refer to sustainability of performance and service delivery.

**Performance against the Council Plan** (how did the Council actually perform as compared to its plan)

- Indicate objectives, strategies and outcomes
- Performance against the strategic indicators
- Outcome of programs/activities
- Comparison with previous year/s
- Comment on variations in comparison
- Discussion on outlook/objectives especially those having significant impact on future performance
- Impact of legislative, economic or other factors
- Major council policy initiatives
- Major works completed by council
- Proportion of budgeted capital works completed
- Explanation of major changes in council functions, organisation's structure and reasons for changes
- Indicate key future directions
- Reasons for changing objectives or new directions (linked to municipal purpose and objectives)
- Victorian Local Government Indicators

## **Continuous Improvement (previously Best Value)**

- Evidence that the Council has a process in place to assess its services and seek continuous improvements and innovation
- A description of what changes have been made as a result of that continuous improvement process and what prompted the management action

## **Sustainability (balancing economic, social and environmental outcomes)**

- Evidence of integration of economic, environmental and social values
- Contains measures used to determine sustainability
- Discusses sustainability performance
- Evidence of impact on decision making

## **Governance Reporting**

### **Governance**

- Accountability framework – process of reporting
- Decision making process – who and how
- Audit arrangements
- Audit Committee
- Code of Conduct
- Community consultation/Interface
- Community publicity, public meetings etc.
- Accessibility of council meetings
- Councillor portfolios/committees/advisory bodies
- Explanation of statutory basis and context
- Insurance policy and issues
- Risk Management
- Asset / Infrastructure Management
- Relationship between Council and executive
- Relationship between Council and community
- Ethics
- Ward boundaries/map

### **Councillors**

- Individual or collective photos
- Experience, qualifications
- Length of service
- Councillors' attendance at meetings
- Terms of appointment (election & retirement dates)
- Ward served

### **Executive Staff**

- Individual or collective photos
- Responsibilities
- Qualifications and experience
- List of senior managers and titles
- Organisation of structure/chart

### **Human Resources**

- Industrial relations
- Occupational health & safety
- Equal opportunity requirements
- Workforce details
- Training and development
- Explanation of variations in workforce numbers
- Volunteers including role in organisation

## **Finance**

### **Financial requirements**

- Explanation of structure of financial statements
- Plain English explanation of the accounts
- Explain what the results are and why
- Linkage to the Strategic Resource Plan
- Financial contents page
  
- Audited Financial Statements
- Audited Standard Statements
  - Financial Performance (Income Statement)
  - Financial Position (Balance Sheet)
  - Cash Flows
  - Capital Works
  - Audited Standard Statements show variations from budget
    - Material variations are explained
- Targets and actual measures that are understandable

### **Communication**

- Logical structure
- Concise
- Readability including ability to inform all stakeholders
- Innovative ways of communicating reported information
- Design complements report
- Meaningful use of graphs and charts using up to 5 year comparisons where appropriate
- Photographs, with captions, well used
- Effective use all pages including covers
- Not unnecessarily lengthened by finance details and reference to Accounting Standards
- Contents page
- Glossary
- Index
- Page numbering
- Cross referencing
- Contact details
- Electronic presentation referenced
- Hard copy provided on request

## **Mandatory Compliance**

### **Reporting Requirements**

Provide information on:

- Legislative, economic or other factors which have had an impact on the Council's performance
- Major policy initiatives taken by the Council
- Major works undertaken or completed
- List of names of all Councillors and their dates of election and retirement
- Names of senior staff (executive) with brief description of the area of responsibility
- Organisation chart
- Audited Performance Statement
- Contact details of Council offices
- Places where prescribed information can be inspected and copied
- Victorian Local Govt. Indicators (Ministerial Request)
- Freedom of Information
- Information Privacy
- Improvement Incentives Principles
- Whistleblowers Protection Act compliance
- Memberships, fees and services provided by Council
- All local laws current at end of financial year
- Specify the number, classification and types of jobs of
  - members of Council staff of either sex
  - members of Council staff in designated groups
- If the Council is required to implement an equal opportunity program include:
  - statement of the objectives & indicators of the program
  - description and an analysis of action taken to develop and implement the program
  - assessment of those objectives.

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Councils are encouraged to refer to this guidelines document when preparing their 2005/06 Annual Reports. It does not contain all of the statutory requirements for the annual report under the Act or Regulations.