



# **PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE**

## **Terms of Reference**

58<sup>th</sup> Parliament

### **Inquiry into the 2015-16 Financial and Performance Outcomes**

#### **Overall objective**

The Committee's overall objective of reviewing financial and performance outcomes is to provide the Parliament and the community with meaningful information about results achieved compared to expectations, and so assist in the process of making informed assessments about the content of public accounts and achievement against planned priorities.

The Committee will consider making recommendations about the form and content of the annual accounts, financial papers and annual reports as well as about specific outcomes judged, where appropriate, against performance objectives and planned priorities.

The inquiry has an important role in examining public accounts to seek improved performance and accountability of government departments and agencies to Parliament and the community for the money raised and spent each year.

#### **Sub-objectives**

- to examine the published financial statements and public accounts of the government, departments and agencies;
- to provide commentary on any major variances between targets and achievements (that is, what the government said it would achieve and what was actually achieved) where the Committee believes that further information obtained through the inquiry process would enhance transparency;
- to examine various aspects about how accountable, effective and efficient departments and agencies have been in delivering initiatives and programs outlined in the Government's budget and annual financial and economic statements or annual planning documentation;
- to identify constructive and relevant recommendations on ways in which performance and disclosure can be improved in future.

#### **Focus**

In appreciating the importance of evaluating program outcomes on an ongoing basis to assess whether planned objectives and outcomes are being achieved, the Committee maintains that the concept of outcome evaluation is primarily a role for departments and agencies to foster as part of formulating policy and performing their governance role.

With this background in mind, the Committee's outcomes inquiry does not propose to examine impacts at a micro level but intends to provide information at a macro level that will be useful to program administrators at a policy and operational level for the purposes of:

- promoting the concept of continuous improvement in performance and disclosure; and
- consistency and cohesiveness in whole-of-government reporting, target-setting, disclosure and achievement of performance measures.

### **The estimates process and the examination of outcomes**

This follow-up process complements the Committee's ex-ante responsibilities of reviewing the budget estimates. By reviewing the Government's financial and performance outcomes for the previous financial year, the Committee's outcomes report completes the yearly cycle of ongoing accountability.

### **Financial and performance outcomes defined**

A financial and performance outcome is defined as a result that has been achieved, in any given financial year, either in a financial or performance context, from an activity funded by the Parliament.

These outcomes are recorded in the public accounts of departments and agencies which are formally audited by the Auditor-General.

The Inquiry into Financial and Performance Outcomes examines the public accounts in terms of outputs delivered by departments and agencies. It also examines certain aspects relating to the performance of departments and agencies for their effectiveness and efficiency.

### **Information sources**

The Committee's inquiry analyses the public accounts and related financial and performance information contained in a range of documents that include:

- the quarterly financial reports;
- the annual financial report;
- annual reports of departments and key agencies, the parliamentary departments and the Victorian Auditor-General's Office;
- departmental responses to the Committee's outcomes questionnaire;
- the government's budget papers; and
- reports of the Victorian Auditor-General and other authoritative organisations.

The inquiry looks at public expenditure against the expressed purposes of government for that expenditure as contained in documents tabled in Parliament as well as in public policy statements.

The scope of the Committee's inquiry remains within the context of accepted government policy. The Committee does not generally seek to explore alternative policy questions or to compare fiscal outcomes against other policy contexts.

### **Measurement criteria**

Performance is measured against:

- desired or intended expectations as stated in policy and budget announcements about government initiatives;
- quantitative, qualitative, timeliness and cost targets;
- stated objectives in budget, departmental and agency strategic planning documents; and
- the objectives set out in Federal programs of national and state significance.