# Treasurer’s Direction (mandatory)

| Purpose | To establish the minimum standards for Territory Government agencies to plan, review and report their organisational performance and accountability.  |
| --- | --- |
| **Last reviewed** | Not applicable |
| **Operative date** | 3 November 2022 |
| **References** | * Budget Paper No. 3 Key Performance Indicators Guidance Document
* Cabinet Handbook
* *Financial Management Act 1995*
* *Fiscal Integrity and Transparency Act 2001*
* Northern Territory Government Agency Organisational Review Framework
* Northern Territory Government Charter of Budget Discipline
* Northern Territory Government Program Evaluation Framework
* *Public Sector Employment and Management Act 1993*
* Treasurer’s Direction – Carryovers
* Treasurer’s Direction – Standard Classification Codes
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# Overview

## Scope

1. This Treasurer’s Direction outlines the minimum requirements for Territory Government agencies to plan, review and report their organisational performance and accountability.
2. Any reference to ‘agency’ also includes government business divisions (GBDs).
3. GBDs are exempt from applying paragraphs 38 to 43.
4. Agencies that directly support the following independent statutory officers are exempt from provisions in paragraphs 41.ii to 44:
	1. Auditor-General
	2. Ombudsman
	3. Northern Territory Electoral Commissioner
	4. Independent Commissioner Against Corruption.
5. Agencies with an operating expense cap of less than $50 million are exempt from provisions in paragraphs 39 to 41.i.

## Definitions

1. **Agency final approved budget** is the agency’s revised budget published in Budget Paper No.3 plus any changes to appropriation and corresponding expenditure since the publication of the revised budget in Budget Paper No.3.
2. **Agency final approved expenditure budget** is the agency’s revised expenditure budget published in Budget Paper No.3 plus any variations to expenditure resulting from changes to appropriation since the publication of the revised budget in Budget Paper No.3.
3. **Agency final budget outcome** is the agency’s end of financial year actual operating result compared to budgeted operating result, after:
4. excluding variations for:
5. gain or loss on disposal of assets in the operating statement
6. interest expense, depreciation and amortisation expense and other administrative expenses in the operating statement
7. waivers as specified in the Treasurer’s Direction – Standard Classification Codes: Appendix A
8. any further variations for non-cash items and other economic flows as specified in Treasurer’s Direction – Standard Classification Codes: Appendix A, not already captured in (i to iii) above
9. expenses eligible for a Treasurer’s Advance in accordance with Treasurer’s Direction – Treasurer’s Advance that have been absorbed from within existing resources
10. including variations for:
	1. purchases of assets in the cash flow statement
	2. advances and investing payments in the cash flow statement, where deemed applicable by Department of Treasury and Finance
	3. lease payments recorded as financing payments in the cash flow statement
	4. service concession liability payments in the cash flow statement.
11. Pursuant to paragraph 8b.(i), variations relating to Territory Government funded capital works projects within the Department of Infrastructure, Planning and Logistics are excluded from the agency’s final budget outcome and will be addressed separately in the budget development process.
12. Pursuant to paragraph 8, other items may be included or excluded in an agency’s final budget outcome on a case by case basis as determined by the Department of Treasury and Finance.
13. **Agency residual improvement or worsening** is an agency’s final budget outcome less any carryovers that is in excess of $500,000 or 1% of the agency’s operating expense cap, whichever is greater. Carryovers exclude adjustments related to unearned revenue in accordance with Australian Accounting Standards.
14. **Budget development process** is a period each year during which the Budget is developed and finalised as specified in a Treasury Circular issued by the Department of Treasury and Finance. This includes the mid-year review process.
15. **Carryover** is a funding amount not fully expended in a financial year that is carried over for use for the same purpose in future financial years from agency cash balances with no corresponding revenue adjustment. It excludes adjustments related to unearned revenue in accordance with Australian Accounting Standards.
16. **Data dictionaries** document key performance indicator definitions, data sources, calculation methodology and reporting requirements.
17. **Employee expense cap** is an agency’s final approved employee expense budget, also referred to as labour expense cap, as may be determined by government from time to time.
18. **Key performance indicators** (KPIs) are indicators considered by an agency to be the most important measures of agency performance.
19. **Operating expense cap** is an agency's final approved expenditure budget, less:
	1. interest expense, depreciation and amortisation expense, other administrative expense, and services free of charge expense in the operating statement
	2. waivers as specified in Treasurer’s Direction – Standard Classification Codes: Appendix A
	3. any further variations for non-cash items and other economic flows as specified in Treasurer’s Direction – Standard Classification Codes: Appendix A, not already captured in (i and ii) above.

Government from time to time may set a cap.

1. **Operating result** is the agency’s end of financial year outcome, calculated as total income less total expenses, and also referred to as net surplus(+)/deficit(-) on the operating statement.
2. **Performance indicators** are quantifiable measures of agency performance with respect to implementation, efficiency, effectiveness and or impact of service delivery.
3. **Program** is a set of activities managed together over a sustained period of time that aim to deliver an outcome for a client or client group. Program is sometimes used interchangeably with strategy, policy, project, initiative or intervention. Programs may include one or more projects that aim to deliver a specific product or output and achieve a strategic objective within a specific timeframe and budget. Programs are discrete sets of activities that are differentiated from the day to day delivery of services, business activities or operational functions that are business as usual.
4. **Program master list** is a register of an agency’s Territory Government funded, or partially Territory Government funded programs that can be evaluated (refer to the [Northern Territory Government Program Evaluation Framework](https://treasury.nt.gov.au/dtf/financial-management-group/program-evaluation-unit) and toolkit for further information).
5. **Reward carryover** is any portion of an agency’s residual improvement that is carried over for use for a different or similar purpose in future financial years, funded from agency cash balances.
6. **Sunset clause** is a specified period after which funding for a program is reviewed or ceases.
7. **Staffing cap** is the maximum number of full-time equivalent staff an agency can engage, as may be determined by Government from time to time. It is measured as an average over the financial year. Caps may be specified at the total level, or by component of staffing cohort (for example, administrative or executive contract officer).

# Planning

## Strategic planning

1. An accountable officer must make publicly available an agency’s strategic plan that, at a minimum, specifies:
	1. the agency’s medium term objectives
	2. how the agency’s objectives relate to government priorities and or statutory responsibilities and other whole of government strategies, where relevant
	3. performance indicators against which performance will be assessed.
2. Agency strategic plans must, at a minimum, be reviewed every four years.

## Developing performance indicators and targets

1. An accountable officer must ensure that performance indicators are developed that:
	1. align with government priorities and or statutory responsibilities
	2. align with agency objectives
	3. satisfy the following principles:
		1. Specific
		2. Measurable
		3. Achievable
		4. Relevant
		5. Time-bound
2. An accountable officer must ensure targets are developed for performance indicators that:
	1. are achievable within the relevant timeframe and or
	2. reflect, where relevant, established benchmarks or legislative requirements.
3. An accountable officer must ensure performance indicators are developed for the agency’s Budget Paper No. 3 reporting that:
	1. include at least one key performance indicator for each output group and
	2. are the most relevant measure(s) of agency performance against the specified objective for each output group
	3. where appropriate, include a mix of indicators that measure performance against the desired objectives at either the output or the output group level.
4. Paragraph 29 does not apply to the Corporate and Shared Services output group.

## Program planning

# Budget planning

1. In accordance with the Charter of Budget Discipline, an agency may submit funding requests during the budget development process in line with instructions provided by the Department of Treasury and Finance in a Treasury Circular.
2. Pursuant to paragraph 31, funding requests submitted during the mid-year process must be limited to:
	1. urgent one-off items that require consideration before the next budget development process
	2. items to be funded through reprioritisation or reward carryovers as a result of improved agency outcomes in the prior financial year.
3. Unless otherwise approved by the Treasurer, an accountable officer must ensure that funding requests outside the budget development process meet one or more of the following criteria:
	1. requests are fully funded through reprioritisation, external revenues or savings
	2. requests are urgent priority items and time limited.
4. An accountable officer must ensure Cabinet submissions are circulated and lodged in accordance with the requirements outlined in the Cabinet Handbook.

# Evaluation planning

1. Unless otherwise approved by the Treasurer, an accountable officer must ensure that funding requests:
	1. for all new programs, or extensions to existing programs, have identified objectives that are:
		1. related to the delivery of agency objectives
		2. achievable within the relevant timeframe and resources
		3. measurable or include actions to develop measurement as part of the program planning process
	2. for new programs, or extensions to existing programs, that exceed $1 million in a financial year:
		1. build evaluation into program design
		2. include an evaluation overview and performance indicators
		3. allocate resources and time to evaluate the program
		4. incorporate, where relevant, lessons learned from previous evaluations into program design.
	3. for new programs that exceed $1 million in a financial year, incorporate a sunset clause no longer than five years from program commencement, linked to evaluation outcomes.
2. Unless otherwise approved by the Treasurer, where a funding request for a new program or extension to existing program that exceeds $1 million in a financial year is approved by Government, an accountable officer must:
	1. prepare an evaluation work plan that, at a minimum, addresses all requirements in the [Program Evaluation Toolkit template](https://treasury.nt.gov.au/dtf/financial-management-group/program-evaluation-unit/toolkit/templates-and-glossary)
	2. provide the evaluation work plan to the Department of Treasury and Finance within six months of the funding approval.

# Reviewing

## Performance indicators

1. An accountable officer must review performance indicators published in Budget Paper No. 3 at a minimum, annually.

## Annual agency financial performance

1. An accountable officer may request a carryover when the agency demonstrates a surplus agency final budget outcome subject to other conditions being met in accordance with Treasurer’s Direction – Carryovers.
2. An agency may be eligible for consideration of a reward carryover, equal to or less than the agency’s residual improvement.
3. Pursuant to paragraph 39, the Department of Treasury and Finance will refer proposals to use reward carryovers to the relevant Cabinet subcommittee for consideration.
4. Where an agency has a residual worsening, the Department of Treasury and Finance will:
	1. refer the agency to the relevant Cabinet subcommittee to consider applying budget penalties
	2. refer the accountable officer to the Executive Remuneration Review Panel, which will make recommendations to the Chief Minister regarding potential actions.
5. The Department of Treasury and Finance will assess an accountable officer’s compliance with staffing, employee and operating expense caps approved by Government and refer any non-compliance to the Executive Remuneration Review Panel.
6. Pursuant to paragraph 41 and 42, an accountable officer must provide the Department of Treasury and Finance with explanations for any non compliance, and outline any remedial action taken or planned. This information will be included for consideration in any referral made under paragraphs 41 and 42.

## Organisational review

1. Where directed by Government to undertake a review under the [Northern Territory Agency Organisational Review Framework](https://treasury.nt.gov.au/__data/assets/pdf_file/0003/1018344/Attachment-G-Northern-Territory-Government-Agency-Organisational-Review-Framework.pdf), an accountable officer must ensure the agency:
	1. establishes a terms of reference for the review in consultation with the Department of Treasury and Finance, and where appropriate other relevant agencies and Cabinet subcommittee
	2. selects a lead reviewer to undertake the review, where appropriate, in consultation with the minister
	3. provides appropriate resourcing to facilitate the review
	4. provides the review and response to any recommendations or outcome arising from the review to the relevant Cabinet subcommittee.

## Program evaluation

1. An accountable officer must use the Northern Territory Program Evaluation Framework and toolkit to plan, commission and undertake evaluations.

# Reporting

## Annual reports

1. In addition to reporting requirements under the *Public Sector Employment and Management Act 1993*, an accountable officer must ensure the agency’s annual report, at a minimum, includes reporting on:
	1. actual performance against targets for each performance indicator published in Budget Paper No. 3
	2. financial outcomes compared to the revised budget published in Budget Paper No. 3, and agency final approved budget if this differs to the revised budget.
2. Pursuant to paragraph 46, an accountable officer must include explanatory notes in the agency’s annual report where material variation exists between actual performance and targets.

## Budget Paper No.3

1. Agencies must include explanatory notes in Budget Paper No.3 for key performance indicators, where a material variation exists between:
	1. the original and revised target for the year
	2. financial years.

## Financial and performance reporting

1. An accountable officer must comply with directions or requests for information issued by Treasury Circulars.
2. An accountable officer must comply with the following budget management and performance monitoring requirements:
	1. monthly reporting to the Department of Treasury and Finance of actual financial performance compared to budget projections in a format and timeframe specified by the Department of Treasury and Finance
	2. notify the Department of Treasury and Finance and the relevant minister(s), as soon as practicable, of any issue or event that may materially affect the agency’s ability to operate within approved budget and/or employee or operating expense and staffing caps, where relevant.
3. An accountable officer must provide Department of Treasury and Finance with:
	1. program evaluation reports within three months of completion
	2. a report on the actions taken in response to recommendations from each evaluation within twelve months of the completion of the evaluation report
	3. reports related to reviews under the Northern Territory Agency Organisational Review Framework within three months of completion
	4. a report on the actions taken in response to recommendations from each review under the Northern Territory Agency Organisational Review Framework within twelve months of the completion of the review report.

Budget paper reporting

1. An accountable officer must seek ministerial endorsement to change, replace or discontinue key performance indicators published in Budget Paper No. 3.
2. Upon request, an accountable officer must provide Department of Treasury and Finance with a copy of the data dictionary for each performance indicator used in Budget Paper No.3 reporting, within the specified timeframe.

# Record Keeping

1. An accountable officer is responsible for keeping records on the following including:
	1. maintaining a data dictionary for each key performance indicator used in Budget Paper No.3, using the template at Appendix A
	2. maintaining appropriate documentation to support information published in the agency’s annual report on actual performance against targets for each key performance indicator
	3. maintaining appropriate documentation to support information published in the Budget Paper No.3.
2. An accountable officer must maintain a register of Territory Government funded programs (a program master list).
3. Pursuant to paragraph 54 and 55, an accountable officer must retain records for the specified minimum period, in accordance with the agency’s records disposal schedule.

# Appendices

| Appendices | Title |
| --- | --- |
| Appendix A | Data Dictionary Template |

# Change history

| Version | Date | Author | Change details |
| --- | --- | --- | --- |
| 1.0 | November 2022 | DTF | Initial version |

**APPENDIX A**

# Data Dictionary Template

|  |  |
| --- | --- |
| Overview |  |
| Key Performance Indicator  | *Ensure it meets SMART criteria* |
| KPI type | [ ]  Objective [ ]  Output  |
| Definition  | *Include definitions for all key terms used in the KPI* |
| Related priorities, outcome/s and output groups | *Include government priorities or statutory responsibilities, outcomes from the Social Outcome Framework, Closing the Gap and other relevant resources* |
| Related whole of government KPIs | *Include indicators, measures or targets from the Social Outcomes Framework, Closing the Gap and other relevant resources, where applicable*  |
| Data management |
| KPI target | *[target] by [year]. Include interim targets agency sets for KPI set by year. These interim targets will assist an agency monitor progress towards the achievement of the overall target* |
| Target rationale | *Include rationale for how the interim targets have been set to meet the overall target, where applicable.* *If achieving an existing target is not feasible, the agency must explain why the target needs to be adjusted.* |
| Material variance | *Explain what a material variance would be for the target (e.g. 5%)* |
| Limitations and risks | *Include relevant external factors that may influence the target.* |
| Calculation methodology | *Include details of any assumptions and/or data cleansing* |
| Data source | *Include where the data is stored or saved. Where relevant, include a copy of assessment tools such as stakeholder surveys.* |
| Reporting |
| Frequency | [ ] Weekly | [ ] Monthly | [ ] Quarterly | [ ] Annually | [ ] Other (specify)  |
| Publicly available | [ ] Budget Paper 3 | [ ] Annual Report | [ ] Other (specify) |
| Accountability |
| Responsible officer(contact officer for queries relating to data and definitions) | Name: |  | Name: |  |
| Position: |  | Position: |  |
| Business unit: |  | Business unit: |  |
| Email: |  | Email: |  |
| Phone: |  | Phone: |  |
| Approval |
| Approved by: (Chief executive or Delegate): | Name: |  |
| Position: |  |
| Signature: |  | Date approved: |  |