

**PUBLIC SERVICE COMMISSION  
OF VANUATU**

**GUIDELINES FOR PREPARING  
ANNUAL REPORTS  
IN THE VANUATU PUBLIC  
SERVICE**

*Version Control: Revised October 2024*

## Foreword

The revised *Guidelines for Preparing Annual Reports* in the Vanuatu Public Service have been reviewed and up-dated by the Public Service Commission to accommodate the newly launched Vanuatu National Planning Framework (July 2024) and to promote Public Sector Reform – particularly in the areas of a more rigorous planning framework targetted at strengthening monitoring and evaluation processes in relation to performance outcomes design and reporting on achievement and resource utilisation to underpin improvements and innovation in the Vanuatu Public Service.

Subject to Article 60 of the Constitution and to the provisions of the Public Service Act 1998, Directors General are required to prepare their Annual Reports by 31<sup>st</sup> March each year and Ministers are required to table the Report in Parliament within 14 sitting days following receipt of the reports.

*ANNUAL REPORT (Excerpt from Public Service Act 1998)*

*20. (1) A Director-General is to be responsible to the appropriate Minister for:*

*(a) carrying out the functions and duties of the ministry including the implementation of Government policies; and*

*(c) complying with the Public Finance and Economic Management Act 1998;*

*(g) providing a Corporate Plan in a form, content and at a time directed by the Commission; and*

*(h) providing an Annual Report in accordance with guidelines set by the Commission (after consultation between the Commission and Director-General of the Ministry of Finance and Economic Management) with the first annual report to be furnished within 90 days of the end of the financial year;*

*(3) The Minister must table the Annual Report provided under paragraph (b) of subsection (1) in Parliament within 14 sitting days of receipt of the report.*

It is noted that the Annual Report reports not only against the approved Corporate Plan of each Ministry but against the activities resourced through the Appropriations Act of the previous year, details of which are detailed in the Ministry's Budget Narratives. The weakness in reporting on the operationalising of the Budget Narrative activities and resources provided is the principal driver for the review of the Annual Report Guidelines. The newly launched National Planning Framework (NPF) also highlights the need for Budget Narrative planning and reporting.

The Annual Report provides specific detail for the year preceding on progress made against the Ministry's Annual Development Report (ADR) targets progressing the delivery of the National Sustainable Development Plan, with specific details provided on achievement of Budget Narrative targets and allocated projects under the Government Investment Plan (GIP). The Annual Report must also comply with the PFEM Act by providing a Statement of Representation, a Statement of Appropriation,

an Expense Summary Report as well as a Statement of Commitments & Contingencies.

The revised Guidelines have been developed to assist Directors General and the Departments and agencies of each Ministry to meet these responsibilities proscribed by the National Planning Framework, the Public Service Act, the Right To Information Act 2016 (Cap13) and the revision of the Public Finance and Economic Management (PFEM) Act. The PFEM Act and the National Planning Framework mandate a 5 year planning framework for Corporate Plans has necessitated amendments to the Corporate Planning Guidelines and clarification of the inter-related format of an Annual Report.

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Martin Mahe  
Chairman,  
Public Service Commission  
October 2024

## GLOSSARY OF TERMS USED IN GUIDELINES

| Term                | Definition   |
|---------------------|--|
| Activities          | Activities are aligned within the Programs (specified in Budget Narratives) of the Ministry to deliver the objectives of Ministry Programs. Activities should be developed, bearing in mind the challenges identified to ensure delivery strategies can be implemented. Furthermore, the activities in the Corporate Plans should not only be informed by the NSDP goals and objectives but also by any other strategic policy documents that are relevant to those areas being planned, including any Sector Plans or Recovery Strategies that may be in place. |
| Objectives          | Objectives in the Corporate Plan are the over-arching organisational goals to be reached within the main program areas of activity of the Ministry. They should derive more or less directly from the NSDP, as expressed in the Budget Narratives. They express the expected outcomes (changes in the life of the target population) of the Ministry's endeavour. These objectives will be the same objectives as appear in the Budget Narrative.  |
| Outcome             | An Outcome can be expressed as a change in skills, attitudes, knowledge, behaviours, status, or condition, including life condition. An outcome is a long term Impact Indicator. In the Vanuatu Government, outcomes are linked to the NSDP and objectives and are mapped against the Programs.  |
| Output              | Outputs (Service Targets/Indicators) are mapped against each Activity included in the Budget Narratives. In aligning targets to outcomes, Ministry planners will start with the baseline target level and project the desired level of improvement (taking into consideration available resources over a specific time period).  |
| Program             | A Program establishes the structure for internal responsibilities while providing clear line of sight regarding Ministry objectives. Programs have a broad focus, with most ministries developing at least two and most likely, no more than six strategic programs for the Corporate Plan. The identified Programs form the basis of the Budget Narratives against which the Appropriations Budget is allocated.  |
| Risks               | A risk is a factor that may make it difficult to achieve delivery of a planned activity. Options should be considered to lessen or mitigate against an identified risk   |
| Service Targets     | Service Targets or outputs are mapped against each Budget Narrative Activity. In aligning targets to outcomes, Ministry planners start with the baseline target level, and project the desired level of improvement (taking into consideration available resources over a specific time period). The Service Target indicates what the program will produce, with the resources provided to meet the identified need which the objectives are intended to address. Specific targets are expressed to measure results.  |
| Strategic Direction | The Strategic Direction (often referred to as a Strategic Objective) of the Ministry includes the central forces that move the Ministry towards intended objectives, in particular the NSDP. This aligns the vision, mission, and core values so that strategies can be designed to reach the desired goal outcomes.   |

|                  |  |
|------------------|--|
| Strategy         | A strategy is a plan or tactic to be followed to achieve objectives and related activities, considering resources needed and the potential risks.  |
| SMART Indicators | <p>A SMART indicator or target is:</p> <p><b>Specific</b> – clearly defined to anyone that has a basic knowledge of the project, program or policy.</p> <p><b>Measurable</b> – to be counted, observed, analysed, tested or challenged.</p> <p><b>Achievable</b> – is practical and can be done in time &amp; with available resources – not too ambitious.</p> <p><b>Relevant</b> – contributes to the value of the activity.</p> <p><b>Time-Bound</b> – has clear dates for implementation/completion.</p> |

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# Introduction

## Purpose of Annual Reports

The Annual Report of Government Ministries is a functional document designed to inform the Government, the Parliament and the people of Vanuatu what the organisation has been doing and has achieved over the past year. The information contained in an Annual Report varies depending on the type of organisation but, in general, it describes what the Ministry does, how it does it, where the money comes from and how the money is spent. It also addresses the organisation's role in the implementation of government policy, the administration of programs, and the progress made, difficulties encountered, and achievements made against the objectives of the organisation's Corporate Plan for the relevant year and importantly, the compliant resource (financial and human) utilisation of the Budget Narrative allocation in the Appropriations Act (November annually).

The account that an Annual Report offers is available for scrutiny by the Parliament and the public, and is of lasting value as a record of what the Ministry has achieved.

## Reporting Requirements

Subsection 20(1)(h) of the *Public Service Act 1998* requires Directors General to be responsible to the appropriate Minister for providing an Annual Report in accordance with guidelines set by the Public Service Commission. These are to be developed after consultation between the Public Service Commission and Director General of the Ministry of Finance and Economic Management.

Subsection 20(3) requires the Minister to table the Annual Report within 14 sitting days of receipt of the report.

It is recognised that the *Parliament requires Annual Reports to be tabled in both English and French* and the translation of the report may delay the tabling. However, it is important for accountability purposes that the Annual Report is tabled as soon as possible.

Under the *Public Service Act 1998*, Directors General are required to prepare their Annual Reports by 31<sup>st</sup> March each year and Ministers are required to table the Report in Parliament within 14 sitting days following receipt of the reports.

### *ANNUAL REPORT (Excerpt from Public Service Act 1998)*

20. (1) A Director-General is to be responsible to the appropriate Minister for:
- (a) carrying out the functions and duties of the ministry including the implementation of Government policies; and
  - (c) complying with the Public Finance and Economic Management Act 1998;
  - (h) providing an Annual Report in accordance with guidelines set by the Commission (after consultation between the Commission and Director-General of the Ministry of Finance and Economic Management) with the first annual report to be furnished within 90 days of the end of the financial year;

*(3) The Minister must table the Annual Report provided under paragraph (b) of subsection (1) in Parliament within 14 sitting days of receipt of the report.*

The *Public Finance and Economic Management Act 1998* requires Directors General to present an Annual Report as specified by the Minister of Finance. Such specifications are set out in the Act.

It has been determined that these reports should be combined so that Directors General will have to provide only one report rather than two.

It should be noted there is no legislative requirement for Departments to prepare Annual Reports. Reports on their activities and performance will be collated and appear in the Ministry's Annual Report.

## Annual Reports Should Comply with These Guidelines

Ministries should prepare their Annual Reports in accordance with these Guidelines to ensure that the account of operations in each report may serve as a record of the Ministries year of operation and as a basis for assessment of its performance and the performance of the Directors General. The Annual Report Guidelines will continue to be amended and evolve as the Ministry's experience in preparing Annual Reports and the Parliament's experience in scrutinising them indicate ways in which reporting may be improved.

It is noted this version (September 2024) of Annual Report Guidelines has been prepared to accommodate the National Planning Framework (NPF) newly launched in July 2024 and in particular the perception that reporting and planning of Budget Narratives is inadequate. The requirements stipulated in the National Planning Framework will be included in this revised Annual Report Guideline.

## Reporting Style and Process

The Annual Report should be concise and direct. Paragraphs should be kept reasonably short. The narrative description in the Corporate Overview in the body of the Report should be no more than 3-5 pages. The Annual Report is an accountability document. It must not misrepresent what the true position is with respect to the activities of the Ministry.

The Minister may have to answer questions in the Parliament on its contents. To ensure the accuracy and timeliness of preparing reports, Directors General may consider nominating an officer such as the Executive Officer to coordinate the collation and final preparation of the report on behalf of the entire Ministry.

Reporting on progress against National Sustainable Development (NSDP) targets remains a high priority, recognising the principal reporting vehicle on the NSDP remains the Annual Development Report (ADR).

Furthermore, relevant content for the report should be captured throughout the year as issues occur. For example, Directors General may introduce a standing item at monthly meetings with Directors, as required by Public Service Instruction No. 1 of

1999, in which each Director lists activities occurring in their respective Department/Unit over the preceding month, highlighting achievements, progress made against performance measures determined in the Corporate/Business Plan and any difficulties experienced and proposed solutions.

Such reports should be retained by the relevant Director to be considered for inclusion in Department/Unit contribution to the Ministry Annual Report.

## Timing

The Report must be furnished by the Director General to the Minister by 31 March each year. At the same time a copy should also be provided to the Public Service Commission through the Secretary for distribution to other central agencies. Central agencies will consider the reports from their own interest/perspective and some general comments may be provided to Ministries for consideration in their next phase of reporting. The Annual Report – its timeliness of preparation, content quality and compliance to Annual Report Guidelines – will be assessed by the OPSC's Organisational Development Unit (ODU) as a critical component of the Government-wide Organisational Performance Audit undertaken annually in April and May following the submission of Ministry Report for Parliamentary scrutiny.

## Items to Include in Annual Report

### Minister's Statement

The Annual Report should contain a brief introduction to the Report and a statement by the Minister that the report has been prepared under Subsection 20(1)(h) of the *Public Service Act 1998* and is in accordance with guidelines referred to in that Subsection. The *Public Finance and Economic Management Act 1998* {Section 30(3)} also requires a statement of responsibility for the financial statements of the Ministry to be prepared and signed by the Minister.

### Director General's Statement

The Annual Report should contain a brief introduction to the Report and a statement by the Director General that the report has been prepared under Subsection 20(1)(h) of the *Public Service Act 1998* and in accordance with guidelines referred to in that Subsection. The *Public Finance and Economic Management Act 1998* {Section 30(3)} also requires a Statement of Responsibility for the financial statements of the Ministry to be prepared and signed separately by the Minister.

The Director General's Statement could usefully provide in table format an overview of issues, progress in resolving these issues and ways forward.

## Corporate Structure

The Annual Report should contain an organisation chart (stamped and signed by PSC) with any explanatory matter necessary in understanding it, showing the corporate structure of the Ministry as at the end of the reporting year.

The Annual Report should contain a summary of any significant changes in the structure of the Ministry during the year.

## Corporate Overview

The Annual Report should contain a statement of the Ministry's Functions, Vision, Mission, Values and Objectives.

### *1. Report Against Relevant Corporate Plan Objectives*

The Annual Report should spell out each objective listed in the Ministry's 5 year framework Corporate Plan for delivery in that reporting year and then explain the achievements, progress made and/or difficulties experienced against each objective. Most of this information can be copied directly from the Corporate Plan developed for the year being reported. A tabular presentation can be used. This should set out:

- a) The main activities of the Ministry and the services that have been provided, including emergency response and disaster recovery initiatives and any data that the Ministry has had on the use of services and on their impact;
- b) Service Delivery is a significant issue and issues such as increased access to services (especially decentralisation strategies the provinces) and performance improvement achieved need to be highlighted.

### *2. Report Against Annual Development Report (ADR) Targets:*

Achievement by the agencies of the Ministry proscribed in the Annual Development Report against the targets of the National Sustainable Development Plan (NSDP);

### *3. Report Against Ministry Budget Narratives*

Performance measures listed in the Ministry Budget Narrative should be specifically referred to, including progress achieved against each.

Under the "One Plan – One Budget," concept endorsed in principle at the National Planning Summit (August 2021), all plans stem from the National Sustainable Development Plan (NSDP). The NSDP has three key pillars – social, economic and environmental – each with high level impact and outcome level indicators. These indicators are referenced in the Ministry Corporate Plans and Provincial strategic Plans. The Provincial Plan outcome indicators relate directly to the Ministry's Corporate Plan, specifically broken down by province.

Budget Narratives defined in the Budget Appropriations Submission for that Department and Ministry must link these impact and outcome indicators to output indicators and service targets.

It is now required by the National Planning Framework that details of Budget Narratives should be broken down by Province to enable tracking of activities by the Secretary of the Province and to facilitate Monitoring & Evaluation (M&E) of the resources provided through the Budget Narrative process.

The Business Plan of each Department should the implement and utilise the allocated Budget Narrative resources and report against that activity by province. It is acknowledged that decentralisation of planning (with consequent reporting) is a priority of the government.

The Means of Service Delivery and Performance Measures (Service Targets) are a sub-set of the Performance Measures of the Corporate and Business Plans. To improve Budget Narrative planning and reporting, more detail is now stipulated in the National Planning Framework. Assessment of Budget Narrative performance will be more stringently appraised in the program of regular sector performance reviews undertaken by the Sector Analysts (SAs) in the Department of Sectoral Policy, Planning & Aid Coordination (DSPPAC). The NPF requires Budget Narrative operationalisation to be reported on in Annual Reports.

The NPF stipulates (refer NPF Page 17) that Budget Narratives (at planning & reporting stages) should include:

#### Breakdowns by Department

#### Program Cost including government and donor program funding

- ✓ Introduction/outline pf program
- ✓ Activity description and under that:
- ✓ Activity cost including government and donor funding
  - Objective
  - Means of Service Delivery
  - Performance Measures (Service Targets). These are also known as Key Performance Indicators

#### *4. Policy Development*

Any new policies that have been formulated, reviewed or retired by the Ministry. This can usefully be provided in tabular form, indicating Implementation Plan development & other Ministries and agencies partnering the policy delivery. Of particular interest are policies that incorporate strategies for decentralisation;

#### *5. Portfolio Legislative Framework*

The Annual Report should contain a list of any new legislation that has been passed by the Parliament legislation or parts of legislation during the year by the Minister. Any transfer of responsibility of legislation occurring throughout the year should be specified.

#### *6. Conventions*

Any new Conventions agreed to in the reporting year for which the Ministry is responsible or contributes to should be added to a table of existing Conventions also indicating ratification status and implementation progress.

#### 7. Risks/Challenges

- Any major emerging issues that affected the Ministry's work (e.g. economic problems in a province, natural disasters).

### Human Resources

Staffing information in Annual Report should include data such as:

- The total number of permanent employees, disaggregated by gender and language group;
- Full-time, probationary, contract and daily-rated staff numbers, disaggregated by gender and language group;
- Geographic distribution of officers throughout provinces to inform decentralisation outcomes;
- Cessation of Employment in the period: Retirements, Redundancies & Terminations;
- Compliance Report (Discipline Cases);
- Leave Accrual Analysis;
- Scholarships (area of study, subject & level disaggregated by gender and language group);
- Training delivered with a description of the training being undertaken: area of study, subject, delivery agency;
- Analysis of initiatives undertaken to improve equity and inclusivity.

The Annual Report should contain a summary of significant developments during the year in relation to staff management issues such as the staffing impact of budget changes or changes to Corporate Plan strategies and summary details of the outcomes of the Human Resource Development Plan. Of particular interest to the Government is issues related to decentralisation of human resources.

### Financial Statements

The Annual Report should contain financial statements, as listed below, for audit purposes. The financial statements (as per Section 24 of the *Public Finance and Economic Management Act 1998*) must include the following information in a format to be set by the Director General of the Ministry of Finance and Economic Management. Reports producing these statements are set up on the FMIS. Ministries have been trained on the process to access the statements and prepare their Annual Reports. Whoever coordinates the Annual Report i.e. the Executive Officer (EO) working with the Ministry senior financial officer (Finance Manager and/or Finance

Officer) should liaise with MFEM to access these statements for inclusion in the Annual Report.

- Statement of Representation,
- Statement of Appropriation,
- Expense Summary Report,
- Statement of Commitments & Contingencies

These financial statements can be drawn from MFEMS FMIS on request from the Ministry's Finance Manager/Finance Officer.

### Development Projects

The Annual Report should list and describe the activities of any technical assistance attached to the Ministry and all major development projects carried out during the year. A tabular format is recommended.

### Statutory Authorities

The Ministry's Annual Report should list any statutory authorities or offices set up within the Ministry by its own legislation and indicate whether the authorities or offices produce Annual Reports of their own. If not, a section within the Ministry Annual Report may be devoted to the authority or office.

### Non-Statutory Bodies

The Annual Report should contain a list of non-statutory bodies, e.g. government owned companies of which the Ministry is the parent body.

### Reports by the Auditor General

The Annual Report should contain a list showing the titles and tabling dates of reports by the Auditor General (if any) that were tabled in the Parliament during the year that referring to the operation of the Ministry and any remedial action that was taken.

### Comments by the Ombudsman

The Annual Report should list and briefly describe the reports to the Ministry made by the Ombudsman (if any) and provide a summary statement of action in tabular form taken by the Ministry during the year in response to these reports.

### Right to Information

If requests have been received under the Right To Information Act, these should be listed in tabular form.

## Decisions of Courts

The Annual Report should contain a list of any judicial decisions handed down during the year which significantly affect, or in the Director General's view could in future significantly affect, the operation of the Ministry.

## Complaints Mechanisms

The Annual Report should contain a brief description of any measures in place expressly for monitoring and handling complaints about the operation of the Ministry received from its clients both inside and outside the public service.

The Annual Report should contain a summary of the main areas of any dissatisfaction monitored or handled by such measures, including a summary of any changes to operations which the Ministry introduces as a result of complaints or suggestions by clients both inside and outside the Vanuatu Public Service.

## Equity

The Annual Report should contain a summary of action taken by the Ministry during the year to enhance inclusion, equity, equality, access and participation for its staff and customers.

## Capital Expenditure

Whilst the Ministry for Infrastructure reports on capital works expenditure, the Annual Report should include brief information about each major approved capital item, including vehicles, acquired by the Ministry and its Departments/Agencies.

## Fraud Control

The Annual Report should contain a brief summary of any action taken by the Ministry during the year to assess the risk of fraud and to develop and implement plans or other arrangements for fraud control where a risk has been discovered or fraudulent activity has in fact occurred.

## Contact Officer

Finally, the Annual Report should give details (title, address, telephone number) of the contact officer to whom inquiries or comments about the report may initially be addressed. If the DG has nominated an officer to coordinate the Annual Report, as suggested previously (see Reporting Style and Process), that person i.e. Executive Officer would, in all likelihood, be the contact officer.

## Assistance

For questions and suggestions regarding these Guidelines and for any assistance in the preparation of reports, contact the Manager, Corporate Services Unit (CSU) OR Manager, Performance Improvement Unit (PIU) within the Public Service Commission.



## Training

Training on development of the Corporate Plan, Annual Report, Business Plan and importantly, the design, delivery and reporting on Budget Narratives, is available through the Vanuatu Institute of Public Administration and Management (VIPAM).