

Evaluation Criteria: *Non-Financial Section*

Introduction:

- 1 Contents
- 2 Leadership – Vision, Mission & Values. Responsible Corporate Citizen
- 3 Chief Executive's Report
- 4 Highlights of the year's activities at a glance, and a corporate scorecard
- 5 Communication objectives of the annual report

Objectives & Basis of Authority:

- 6 Basis of the organisation's existence and authority
- 7 Corporate Plan's aims, objectives, goals, and strategies
- 8 Outline of services and programs delivered
- 9 Location of head office and regional operations
- 10 Customers and communities served

Organisation & Control:

- 11 Corporate governance, organisational structures
- 12 Profiles of management and internal control framework
- 13 Control self assessments and management's accountability
- 14 Internal audit - policy, charter, structure, operation and results of internal audit
- 15 Program evaluation, quality assurance, change management
- 16 Total risk management, safety, security and integrity
- 17 Managing change – organisational culture, IT strategies, continuous improvement

Programs & Activities:

- 18 Changes in legislation, policies and the organisation's environment
- 19 Review of activities and achievement of objectives and programs
- 20 Equity, industrial relations, and enterprise agreements
- 21 Personnel, employee relations and equal employment opportunities
- 22 Employee training, development, and morale
- 23 Research, development and benchmarking best practice
- 24 Impact on the natural environment
- 25 Marketing and promotional activities
- 26 Future prospects and targets

Performance Measurement (for the last five years):

- 27 Non-financial statistics and performances indicators
- 28 Comparisons with similar organisations
- 29 Explanatory notes on statistics and performance indicators
- 30 Indication of how effectively program outcomes were achieved

Format, Presentation & Communication:

- 31 Cover – use of front cover and back cover
- 32 Clear text and presentation improved since last year
- 33 Visual aids – graphs, charts, colour
- 34 Appropriate photographs and illustrations of activities
- 35 Overall impression and readability
- 36 Promptness of publication

Evaluation Criteria: *Financial Section*

Introduction:

- 1 Contents
- 2 Business Ethics statement
- 3 Key financial highlights – at a glance
- 4 Management commentary on the financial results
- 5 Purpose of the financial statements

Financial Statements:

- 6 Significant Accounting Policies
- 7 Statement of Financial Performance (Income & Expense)
- 8 Statement of Financial Position (Balance Sheet)
- 9 Statement of Cash Flow
- 10 Management Accounts by Activities, Functions and Programs
- 11 Comparison of Budgeted and Actual Results
- 12 Notes to the Accounts
- 13 Social Responsibility Disclosures
- 14 Value-Added Statement

Certification of Financial Statements:

- 15 Certificate from Management
- 16 Auditors Report
- 17 Certifications Signed and Dated

Internal Audit & Program Evaluation:

- 18 Policy, structure, operation and results of program evaluation

Performance Measurement (for the last five years)

- 19 Cost of services provided
- 20 Key financial statistics – historical
- 21 Key financial statistics – adjusted for inflation
- 22 Explanatory notes on statistics and performance indicators
- 23 Indication of how “value-for-money” was achieved
- 24 Comparisons with similar organisations

Format, Presentation & Communication:

- 25 Clear text and presentation improved since last year
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Evaluation Criteria: *Special Awards*

INTERNAL AUDIT

Policy:

- 1 Does the organisation have an internal audit activity (if not, why not?)
- 2 What is internal audit's quality improvement process?

Charter:

- 3 Does a charter exist?
- 4 Is the charter reviewed regularly?

Structure:

- 5 Reporting lines
- 6 Does the Chief Audit Executive report to the Audit Committee Chair?
- 7 Qualifications and experience of staff/providers
- 8 Consideration of staff turnover percentage to establish stability and knowledge of business

Operation:

- 9 Role of internal audit
- 10 Use of *International standards for professional practice of internal audit*
- 11 Business plan and establishment of KPI's and how are they measured and reported
- 12 Methodology - is it documented and reviewed and what is its basis?
- 13 Performance feedback by third parties on internal audit
 - Questionnaires, feedback processes, are these reported to the audit committee
- 14 Proactive improvement of controls
 - Fraud prevention, ethics, risk, management
 - Co-ordination with external audit, advisory, fraud control, corporate governance

Results of Internal Audit:

- 15 Has it contributed to improving the effectiveness of risk management
- 16 Has it contributed to improving the effectiveness of control and governance processes
- 17 Internal audits completed
- 18 Key areas audited (%), delivery of authorised audit program (%)

MOST READABLE ANNUAL REPORT

- 1 Cover - use of front cover and back cover
- 2 Clear text and presentation
- 3 Visual aids - graphs, charts, colour
- 4 Appropriate photographs and illustrations of activities
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Evaluation Criteria: *Special Awards* (cont'd)

CORPORATE GOVERNANCE ANNUAL REPORT

Strategy & Vision:

- 1 The relevant legislation establishing the organisation is documented
- 2 A formal charter exists which defines board* function/responsibilities and is publicly available
- 3 The organisation has a strategic plan and an operational (management) plan
- 4 The strategy and vision enhances the organisation's reputation

Board* Effectiveness:

- 5 Directors have the right mix of skills and experience to add value to the organisation
- 6 Over half of all board* members are non-executive
- 7 A minimum of two committees - audit and nomination - exist and operate effectively
- 8 Audit committee composition, meetings and independent membership
- 9 Processes for determining remuneration of directors and senior management are communicated
- 10 Programs exist to induct new directors to the organisation
- 11 Directors understand their duties, responsibilities and liabilities

Accountability:

- 12 Reporting lines are identified, including mandatory reporting, frequency, and content of reporting
- 13 Audit committees receive regular internal and external audit reports and other management reports
- 14 Key performance indicators are clear and measurable
- 15 Performance against strategic plan and management plan is documented
- 16 A mechanism exists for stakeholder communication and feedback

Ethics:

- 17 Register for director conflict of interest
- 18 Process for handling director conflict of interest

* Board - also meaning where relevant – committees, councils and forums

BEST FINANCIAL DISCLOSURE ANNUAL REPORT

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Evaluation Criteria: *GOC/Statutory Authority*

This award seeks to recognise the quality and completeness of disclosure and reporting of corporate governance practices in the annual reports of business entities in the public sector. There have been a number of guidelines published on disclosure of corporate governance practices and some statements of suggested "best practice" put forward by professional advisers, market operators and industry bodies including those from the The ASX Corporate Governance Council.

The ASX Corporate Governance Council guidelines

These specify that a company should:

- 1 Lay solid foundations for management and oversight. Clearly enunciate matters reserved for the board and include information setting out expectations of directors and feedback on letters of appointment.
- 2 Structure the board to add value
 - a. Disclose the composition of the board including qualifications/ experience, statement on materiality, and roles of chairperson and CEO.
 - b. Identify nomination committee, appointment process, term of office and re-election procedures.
- 3 Promote ethical and responsible decision-making. Identify code of conduct for board and key executives and policy concerning trading in company securities.
- 4 Safeguard integrity in financial reporting
 - a. Communicate the establishment and process of the audit committee and charter including selection and appointment information.
 - b. Disclose the CEO/CFO certificate to board on financial statements and their compliance.
- 5 Make timely and balanced disclosure. Include communications policy and continuous disclosure policy and procedures.
- 6 Respect the rights of shareholders. Communicate the strategy with shareholders to encourage participation.
- 7 Recognise and manage risk
 - a. Have policies on risk been established including identifying material risks and their treatment?
 - b. Is there a sound system of risk management and internal compliance and control?
- 8 Encourage enhanced performance. Has the board performance been undertaken in the period, do you have a process for board and key executive evaluation? Explain.
- 9 Remunerate fairly and responsibly
 - a. Disclose the remuneration policy for the board and senior executives indicating the difference between executive and nonexecutive directors.
 - b. Is the remuneration and equity based executive remuneration in accordance with shareholder approved plans?
- 10 Recognise the legitimate interests of stakeholders. Is the code of conduct appropriate to the organisation and has it been broadly communicated to all stakeholders?