ACCOUNTABILITY AND ANNUAL EXTERNAL REPORTING: AN ANALYSIS OF NEW ZEALAND SCHOOLS’ PERFORMANCE DISCLOSURES

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MGSM WP 2003-19
September 2003
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ABSTRACT

The 1989 transformation of educational administration in New Zealand emphasised a ‘new’ accountability framework. The aim of the ‘new’ accountability was to demonstrate that educational investments yielded educational payoffs; including that educational institutions provide evidence of their performance in terms of efficiency and effectiveness. This accountability was to be, in part, discharged through the provision of performance information in the school annual report. To assess the quality of that performance communication, a disclosure index was applied to a sample of 1997 and 2001 annual reports. This paper compares the resulting scores for the extent and quality of each index item across the two sets of annual reports. The results indicate a significant gap between ‘official’ expectations and requirements of the type of items to be reported and actual performance reporting practice.

Keywords: Annual reporting, Performance Reporting, New Public Management, New Zealand, School Finances.
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1. INTRODUCTION

The New Zealand (NZ) public sector has been under an intensive period of ‘New Public Management’ reform since the mid-1980s (see, for example, Jones, Guthrie & Steane, 2001a; b). A managerialist philosophy was promoted, which brought about a shift from a ‘civic’ culture, based on equitable consumption, towards a ‘business’ culture based on commodified production of ‘new public management’ (Broadbent, 1992; English, Guthrie & Parker, 2003, forthcoming). The NZ management model of reform does not have an established official label, however, it shares many similar features with what is known in the UK as the ‘Financial Management Initiatives’ (FMI). Broadbent and Guthrie (1992, p.11) describe the FMI as follows:

An important element of the FMI is its philosophy, which is one of introducing a particular type of ‘management’ into the public sector. The model it imposes is one in which authority for ‘performance’ is delegated much closer to operational areas. The managers at this level must plan their operations and account for their performance.

This philosophy, with its accompanying changes, has focused on gaining optimal performance in return for the resources needed to achieve the goals pursued by the public sector agencies and its members. The thrust of this emphasis is on a concept of ‘accountability’, and it has impacted all areas of the NZ public sector. One area of transformation has been the NZ compulsory schools\(^1\) sector, and this began in the late 1980s. Central to the transformation initiative was a move to dismantle the centralised educational bureaucracy and to create in its place a devolved system of education entailing significant degrees of institutional autonomy and a form of school-based management and administration (Dale, 1994; Grace, 1990). Officially, the education reform sought to make education providers more responsive to stakeholders, and to enable Boards of Trustees – concerned with issues of governance, and Principals – concerned with management, to be held accountable for the efficient

\(^{1}\) NZ schooling is compulsory for children between their sixth and sixteenth birthdays (Years 1-15).
and effective use of resources (Education Review Office, 1994; Picot Report, 1988). This performance emphasis in management has led to an increased awareness of the role of annual reporting in discharging public accountability to various stakeholders. The performance accountability theme in the NZ compulsory school sector was explicitly advocated in the *Education Act 1989*, *Education Amendment Act 1990* and the *Public Finance Act 1989* which in turn regulated the content of a school’s annual report.

Annual reports issued by public sector agencies have been the focus of attention and research (Cameron & Guthrie, 1993; Guthrie, 1993). This reflects the assumed importance of annual reports as a component of the overall accountability framework (Boyne & Law, 1991; Chang & Most, 1985; Winfield, 1978). Marston and Shrives (1991, p.196) concluded that the annual report is the most comprehensive document available to the public and is therefore the “main disclosure vehicle.” Parker (1982, p.279) also highlighted the importance of the annual report as a mass communication medium. Although the annual report is not the only source of information about performance, it is considered to be an influential source because of its wide coverage and availability. Increasingly, however, the suggestion has arisen in the literature that public sector agency reports are not as widely used or sought after as is conventionally assumed to be the case (Engstrom, 1988; Hay, 1994; Mack, Ryan & Dunstan, 2001). On the other hand, few studies have reviewed actual reporting practices in order to identify the type and quality of performance disclosure. There have been no detailed and sustained empirical studies on the ‘quality’ of annual reporting in NZ schools.

The objective of this research is to empirically evaluate the extent and quality of annual report performance disclosures in a sample of secondary schools in the NZ compulsory school sector. The paper aims to systematically identify the ‘quality’ of annual reporting for the 1997 and 2001 reporting periods and hence provide the means necessary to establish whether schools are discharging their legal accountability obligations. The research will form the basis for future longitudinal research, which will map changes in the ‘quality’ of NZ schools annual reporting. The results of this research should thus be of significance to public policy makers, preparers and providers of school annual reports, and the
broader community. The paper proceeds as follows. The second section reviews the accountability theme of the education reform and establishes the linkage to accounting and annual reporting. The research method is described in the third section and is followed by the fourth section which reports the empirical evidence and discusses the findings. The fifth section provides a conclusion and identifies possible areas for future research.

2. ACCOUNTING, ACCOUNTABILITY AND ANNUAL REPORTING

It is argued that the ability to provide accountability information is affected by the particular environment in which an entity operates (Carlin & Guthrie, 2003, forthcoming; Guthrie, Parker & English, 2003). The NZ public sector in general and the compulsory schools sector in particular, have been in the midst of far-reaching changes for the last two-decades. The transformation of the NZ compulsory school sector was largely the outcome of interplays at the macro level (e.g., state-level change), but imposed on the micro level (e.g., schools), and emphasised an economic imperative for tighter controls over public expenditure (Codd, 1990; Dale, 1994; Department of Education, 1988; Macpherson, 1989; Peel & Inkson, 1993). A central feature of the official rhetoric was that ‘performance’ was seen in more quantitative, economic terms than in qualitative, social terms. This shift has privileged the role of accounting, which has moved from a subordinate service role to a dominating, agenda-setting role (Parker & Guthrie, 1993).

In its most obvious form, accounting enables the discharge of financial accountability through the provision of the annual report, incorporating financial statements. Conventional accounting thought suggests that this communication of annual statements is fundamental to the discharge of an organisation’s responsibility to stakeholders (Walker, 1988). For public sector departments and agencies, including state schools, annual reports provide the means to provide an account for the activities and stewardship of the public resources under their control. As stated by the Controller and Auditor-General (1987, p.75):

To achieve these purposes, the reports need to contain complete financial, non-financial and narrative information that allows a comparison to be made between what was achieved and
what had been promised. This should be supported by a detailed assessment (in qualitative and quantitative terms) of the performance in achieving those results.

There was little argument about the general premise that those involved in the education process should be accountable, liable and responsible (Barro, 1970; Grobman, 1973). In its review of education administration in NZ, the Picot Taskforce (1988, p.43) commented:

Those who use public funds must be accountable for what is achieved with those funds. To be accountable, individuals and organisations must know what they are to achieve and must have control over the resources needed to do this – otherwise, accountability cannot exist. As well, those who are accountable must know who they are accountable to: the lines of accountability must be clear.

Arguably, and within the NZ education setting, the position of compulsory education provides a dual case for public accountability. First, the compulsory school sector uses funds derived from taxes and the use of taxpayers’ monies requires that account be given on how and for what purposes the funds are used. Second, attendance at school is a legal requirement for students falling within a statutorily-defined age range and where attendance normally leads to participation by, and the educational development of, the student. Likierman and Creasy (1985, p.45) suggested that this second case provides an example of where natural law suggests a right or an entitlement to information (an account).

The notion of accountability is contested. Accountability has been described by some as a rather nebulous concept lacking a clear definition, dependent on the “ideologies, motifs and language” of the time and with “discipline-specific meanings” and, therefore, “the more definitive we attempt to render the concept the more murky it becomes” (Sinclair, 1995, p.221). Arguably, attempts to identify different types of accountability also recognise diversity in accountability relationships, which then affect the type of information given by the individual or group called to account. Nevertheless, it is
generally accepted that, at minimum, accountability means being obliged to deliver an account, as well as being able to do so.

In her work, Sinclair (1995) identifies five forms of accountability, one of which is ‘public accountability’, the “more informal but direct accountability to the public, interested community groups and individuals” (Sinclair, 1995, p.225). Public accountability is premised on the ‘right to know’ by society (Coy & Pratt, 1998). Public accountability is ‘rights based’ not utilitarian, and as such relevant information is owed to the public (Pallot, 1992). It is considered that to report publicly is an implicit responsibility incumbent upon every economic entity regarded as significant in terms of the scale of its command over human and material resources being such that the results of its activities have significant economic implications for the community as a whole (Gray, Owen & Maunders, 1987, p.43). This would appear especially relevant to the compulsory schools sector where schools, individually and in aggregate, rely so heavily upon public funds.

The presentation of annual reports within the compulsory schools sector is one stage in a cycle of accountability that begins with the central government budget process and ends with the presentation of reports to Parliament (English, 2003). As Coy and Pratt (1998) and Sinclair (1995) argue, annual reports need to be seen in their context as only one means of discharging accountability. Arguably, however, annual reports are regarded as the cornerstone of public and Parliamentary scrutiny (Milazzo, 1992) and enable schools to discharge their accountability obligations to a diverse group of stakeholders (Banks & Nelson, 1994). Coy, Fisher & Gordon (2001, p.14) concur stating:

The value of the [public sector] annual report rests in the provision of a wide range of summarized, relevant information in a single document, which enable all stakeholders to obtain a comprehensive understanding of [an entity’s] objectives and performance in financial and non-financial terms. No other single source of such information is available to all stakeholders on a routine basis.
Some have argued that there is little interest in the financial reports of public sector agencies (Jones, 1992). However, financial reports account for only one aspect of what is reported in an annual report. Public accountability requires broadening the scope of disclosure beyond a financial focus to ensure that sufficient and meaningful qualitative information is also included in the annual report. Likierman (1992) maintains that public interest will improve when the disclosures and quality of annual reports improve over time. Coy and Pratt (1998) also support this view, arguing that as the general level of education across society and the quality of the reports improved, so more stakeholders may take an interest in the accountability process. An evaluation of the extent and the quality of secondary school annual report disclosures over time is the subject of this paper.

3. RESEARCH METHOD

There are two main approaches to measuring disclosures in annual reports. The first approach is by content analysis, which is a method of codifying the content or text of a piece of writing into categories based on chosen criteria (Weber, 1988). The second approach is the use of disclosure indices which calculate an index score as an indication of the extent of disclosure of certain preselected items (Marston & Shrives, 1991). The main purpose of a disclosure index has been to codify actual disclosure (i.e. performance) in a particular context (i.e. schools) for the purpose of determining a quality score that indicates a certain level of disclosure. The score can then be compared with other reports in the sample. The index items are usually selected by prior research and empirical analysis. Items in the index can be weighted to take into account that some items might be considered more important than others. The method has been in wide use since the 1960s, and has persisted over time despite the acknowledged deficiency that it can be subjective (Marston & Shrives, 1991).

The concept of a disclosure index has been used in a significant body of prior research in the examination of corporate financial annual reports (e.g., Buzby, 1974; Craig & Diga, 1998; Robbins & Austin, 1986; Wallace & Naser, 1995); environmental disclosures in annual reports (e.g., Adhikari & Tondkar, 1992; Wiseman, 1982); and to investigate the ‘quality’ of disclosures in annual reports of public sector agencies – primarily in the university sector. The index was initially used in the NZ
context by Coy, Tower and Dixon (1993b) and subsequently modified in Coy, Dixon and Tower (1993a), but has subsequently been externally validated using data from Australian (Nelson, Tower, Banks & Fisher, 1997), Canadian (Banks & Nelson, 1994), Scottish (Fisher & Banks, 1996), and English, Welsh and Northern Ireland universities (Banks, Fisher & Nelson, 1997). The items chosen by Coy et al. (1993a; b) for their ‘Modified Accountability Disclosure’ (MAD) index were determined primarily through a review of the accountability literature for universities, through an analysis of current annual reports and practitioner advice. Banks and Nelson (1994, p.288) argued that the MAD method of derivation gave “an a priori reliability to the scale in terms of its expected ability to measure the quality of disclosures.” These same arguments are relevant to school accountability disclosures.

**Disclosure Index**

To empirically evaluate the extent and the quality of performance accountability information disclosed in the 1997 and 2001 annual reports of NZ secondary schools, the research adapted the disclosure index methodology originally outlined by Coy et al. (1993a; b) because of its external validation in a number of public sector settings. However, for the purposes of the current study it was considered necessary to adapt the MAD index to reflect points of difference between the nature of schools (and therefore reporting disclosures) relative to their tertiary counterparts. The number of items measured in the Coy et al. studies was reduced to twenty². From the work of Ryan, Stanley and Nelson (2002), who examined accountability disclosures by local government authorities, ‘financial performance ratios’ was identified as an additional and relevant accountability disclosure item, and is included in the index. In total, twenty four accountability disclosure index items are used in this study. To avoid confusion with indices used in other studies, the adapted index used in this study is referred to as the ‘School Performance Accountability Disclosure Index’ (SPADI) and the items included in the SPADI are shown in Table 1.

² This was done by deleting ‘descriptive report/general review’, ‘graduates’, ‘publications’, ‘unit cost per student’ ‘research grants’, and ‘overhead allocation’. Included in the index were ‘examination results’ as a substitute for Coy et al.’s use of ‘graduates’ and ‘Board of Trustees chairperson’s report’ and ‘Principal’s report’ as a substitute for ‘descriptive report/general review’.
### An identified issue with the use of disclosure indices occurs when the researcher moves away from a simple dichotomous score (quantity – presence of an information item) to a subjective judgement (quality – evaluation of the information item present). Marston and Shrives (1991, p.208) suggest that the “measuring [of] information disclosures cannot be carried out in a precise scientific way” and “that research subjectivity cannot be completely removed, nor is it reasonable to expect that it can be.” It is accepted that this is a limitation of the SPADI used in this study. However, the use of the method, despite the known problems, can be considered justifiable if the index scores mean what was intended (Marston & Shrives, 1991). That is, by using a surrogate-measuring device, such as the disclosure index method, do the index scores have any meaning as a measure of information disclosure? Although the question remains largely unanswered, Marston and Shrives (1991) point out that the use of disclosure indices has persisted, and continues to be used, for more than twenty years.

In this study, each annual report is examined and the items included in the SPADI are scored. If the item is absent, then it receives a score of (0), and if present, a score of (1). The sum of these scores relates to the quantity and extent of performance accountability disclosures in the schools’ annual
reports. The SPADI makes allowance for variations in the quality of individual disclosures and the relative importance of disclosure items. If the item is present, it is scored on an ordinal scale based upon the perceived quality of the disclosures ranging from (1), poor, to (5), excellent. This qualitative score is important as the quality of disclosures in annual reports varied. The qualitative ranking criteria used in this study are provided in Appendix 1. The criteria draw on indices used in prior studies, and framed within the context of NZ schools and recent developments in education.

In their respective studies, Coy et al. (1993a; b) and Ryan et al. (2002) recognised that some disclosure items were more important than others and, therefore, it was undesirable to treat all items as being of equal value. The relative importance of the index items is brought into account using a system of weights based on an ordinal scale of low importance (1), to high importance (3). The subjective weights for each of the index items are also shown in Table 1 above. The disclosure quality and the weighting scale employed are combined so that each of the disclosure index items could be given a SPADI score ranging from (0) to (15). A (0) is given for items not disclosed, and for items disclosed, the score could range from (1), poor quality and low importance, to (15), excellent quality and high importance.

One shortcoming of the SPADI scoring system, and mentioned by Marston and Shrives (1991), is the problem of whether a non-disclosed item is an applicable disclosure to a particular school. Not all of the items contained in the index are prescribed by statute or regulation (e.g., employment/educational destination of students) and in some instances schools under a defined size are exempt disclosure (e.g., Statement of Cash Flows). Although the problem is not addressed in the scores advanced, it is considered that, in themselves, the items are widely accepted for their accountability value and therefore should be included in the index.

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3 Siegel (1956) identified four levels or scales of measurement: nominal, ordinal, interval and ratio. As suggested by Marston and Shrives (1991), a disclosure index can achieve a level of ordinal measurement if properly constructed, but it is doubtful that it can achieve a level of interval measurement. The ordinal scales used in this study indicate only a relative level of disclosure.
Data Collection and Scoring

The data was collected by means of a letter to the Board of Trustees Chairperson of 43 secondary schools. These schools were selected on the grounds that they had elected the Fully Funded Option (FFO) scheme. The letter requested a copy of the school’s annual report, including financial statements for the years ending 31 December 1997 and 31 December 2001. Reference to schools’ annual reports as the medium for performance disclosure is predicated on the assumption that the annual report is a key public accountability document which contains comprehensive details of all aspects of the school’s operation (McMonnies, 1985; Stephens, Dillard & Dennis, 1985). However, this may in turn constitute a limitation of the study. Other mediums such as school newsletters and parent meetings may be used to disseminate information on performance, particularly non-financial performance, and thereby provide ‘the account’.

Twenty-one schools responded, including three schools that declined to participate and one school that only provided the 1997 annual report. Consequently, the data base for this study is limited to 17 secondary schools. It is argued that this sample of reports should provide an insight into the quality achieved by the secondary schools that can best afford the cost involved in preparing annual reports (i.e. schools that have control over an increased percentage of their revenue base relative to their non-FFO counterpart schools). It is acknowledged that this is not a representative sample of reporting throughout the compulsory school sector. However, it is suitable for the purposes of this study, as the study’s aim is to describe practice, and not infer conclusions to the whole compulsory school sector population.

4 By 1997 43 secondary schools (out of approximately 320 secondary schools) had elected the FFO scheme. The FFO scheme enabled schools to be bulk resourced for both the government funded teachers’ salaries grant and the operational grant, thereby providing schools with greater control over all the school’s financial resources and greater discretion over the level and mix of resources deemed desirable to fulfil their educational responsibilities. Arguably, the FFO scheme also increased the scope of performance accountability. It is to be noted that following the election of the labour-led government in 1999, the FFO was discontinued and therefore the 2001 annual reports were prepared outside the FFO era.
In terms of the scoring process, the first author initially analysed and scored the disclosures from the materials submitted, and the second author independently scored a selected sample. The minor differences in scores were discussed and reconciled.

### 4. RESULTS AND ANALYSIS

The results are discussed in the next five sub-sections. The first sub-section relates to the ‘quantity’ and extent of accountability disclosures in the schools’ annual report. The quantity is measured as the presence or absence of an information item. This is followed by the second sub-section which relates to the quality of the information disclosed and is measured as a subjective evaluation of information reported (i.e. 0-15 scale). The third sub-section deals with ‘timeliness’ as an important quality of annual reporting. Sub-section four considers some of the factors that influence the quality of performance disclosures. The section concludes with sub-section five which provides some observational comments on reporting practices by schools.

#### Quantity and Extent of Disclosure

Quantity relates to the presence or absence of an information item. The scores (i.e. 0-1 scale) are aggregated without consideration of their subjective weights with the highest possible score being 24 (equivalent to the number of items included in the SPADI). A summary of the results is shown in Table 2.

<table>
<thead>
<tr>
<th></th>
<th>1997</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean Score</td>
<td>18.8</td>
<td>17.8</td>
</tr>
<tr>
<td>Std Dev</td>
<td>3.5</td>
<td>2.4</td>
</tr>
<tr>
<td>Maximum</td>
<td>22</td>
<td>23</td>
</tr>
<tr>
<td>Minimum</td>
<td>8</td>
<td>15</td>
</tr>
</tbody>
</table>

The results for the quantity of disclosure for 1997 and 2001 appear stable. A statistical test comparing the difference in means between the two years indicated that the change in score was not statistically
significant. The decrease in mean score was primarily due to a lower frequency of reporting of: statements of objectives (80% of school in 1997 down to 50% of school in 2001); summary facts and figures (90% down to 60%); targets (60% down to 30%); and performance measurement (70% down to 40%). The results indicate that schools are not disclosing their objectives for the next year and also fail to report how the school has performed in relation to achieving those objectives.

Items reported by 90% or more of the schools in 1997 included: directory; student numbers; personnel; actual to budget; statements of financial performance and financial position; financial performance ratios; property; investments; commitments and contingencies; and library. In 2001, the items reported by 90% or more of the schools expanded to include: chairperson’s report; principal’s report; and student achievement. Items reported by fewer than 50% of the schools in 1997 were: employment or educational destination of school leavers (no school); equal employment and educational opportunities for staff (2 schools); and student-staff ratio (no school). In 2001, the items reported by fewer than 50% of the schools expanded to include targets and performance measures.

The annual reports varied in length from 21 A-4 size pages through to 83 pages (see Table 3). While all annual reports contained the statutory required financial statements, there was considerable variation in the length of narrative provided in the Boards of Trustee Chairperson’s Reports and the Principal’s Report. In aggregate the length of disclosures for these reports ranged from zero pages, through to 52 pages. It was notable that in the latter case, the annual report was 83 pages in length of which approximately 66% was devoted to the dissemination of descriptive information.

Where provided, the 1997 and 2001 Chairperson’s Report comprised between one and four pages and focussed on selective matters relevant to school governance. At a minimum, the report provided an expression of appreciation and acknowledgement of staff and student achievements during the year. At best, the report also included reference to the role of the Board of Trustees and commented on issues of finance, curriculum development, employment, property, health and safety, and the school’s compliance with legislative requirements.
Typically, the 1997 Principal’s Report was spread between one and four pages and provided more detailed and quantitative information about a broad spectrum of educational activities and achievements. Such information was presented in terms of curricula and co-curricula achievements and issues relevant to the operational management of the school (structures, resources and facilities). Graphics were occasionally used to reinforce or illuminate the narrative. Some attempts were made to provide commentary on developments within the education sector (for example, the national qualifications framework and school self-management). For 2001, the Principal’s Report was typically spread between 2 and 17 pages. Notably, six annual reports provided Principal’s Reports in excess of 28 pages (this can be compared to 1997 where only 1 annual report included a Principal’s Report in excess of 18 pages). Although a statistical test comparing the difference in means between the length of schools annual reports for 1997 and 2001 indicated that the change in score was not statistically significant, a statistically significant difference (p < 0.01) was found when comparing the two means for ‘narrative length’. Accordingly it is apparent that by 2001, more schools are using the annual report to provide qualitative and non-financial disclosures about performance.

One possible explanation for this finding is the discontinuance of the FFO scheme (refer footnote 3). Under the FFO scheme the amount of funding a school received in the form of a teachers’ salary grant was determined in accordance with the ‘top of salary scale’ and not the actual salary paid to individual

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Table 3: Quantity of Annual Report (pages)

<table>
<thead>
<tr>
<th></th>
<th>1997</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Annual report length</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mean Score</td>
<td>39.1</td>
<td>42.9</td>
</tr>
<tr>
<td>Std Dev</td>
<td>20.4</td>
<td>18.8</td>
</tr>
<tr>
<td>Maximum</td>
<td>83</td>
<td>78</td>
</tr>
<tr>
<td>Minimum</td>
<td>21</td>
<td>23</td>
</tr>
<tr>
<td><strong>Narrative length</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mean Score</td>
<td>9.4</td>
<td>20.5</td>
</tr>
<tr>
<td>Std Dev</td>
<td>12.3</td>
<td>14.9</td>
</tr>
<tr>
<td>Maximum</td>
<td>52</td>
<td>49</td>
</tr>
<tr>
<td>Minimum</td>
<td>0</td>
<td>4</td>
</tr>
</tbody>
</table>
teachers. The financial gain which accrued under the FFO scheme was therefore lost to the schools. In such a situation the annual report could be used to promote the educational and extra-curricula activities (successes) of the school in an endeavour to protect and/or increase the school’s revenue base – additional students bring in additional revenues.

Quality of School Annual Report Disclosures

Although the findings of the previous subsection are useful in terms of identifying the frequency of accountability items disclosed, it does not provide a measure of the informational-value, or quality, of the disclosures. It is the quality, rather than quantity, of accountability disclosures that is examined in this subsection. The data related to the quality of an information item was determined by calculating the weighted sum of the quality disclosure, using the five point scale (representing poor to excellent) and subjective weights (low importance to high importance). The resultant scores represent single numeric disclosure indicators for each annual report, within an ordinal range of zero to 270\(^{5}\). The scores have been normalised to indicate a maximum score of 100. This normalisation enables an easier comparison between major sections of the index. A summary of the overall SPADI scores is shown in Table 4.

Table 4: Quality of Annual Report Scores

<table>
<thead>
<tr>
<th></th>
<th>1997</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>n = 17</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mean Score*</td>
<td>41.4</td>
<td>44.3</td>
</tr>
<tr>
<td>Std Dev</td>
<td>9.6</td>
<td>10.4</td>
</tr>
<tr>
<td>Maximum</td>
<td>54.4</td>
<td>61.1</td>
</tr>
<tr>
<td>Minimum</td>
<td>18.5</td>
<td>31.8</td>
</tr>
</tbody>
</table>

* SPADI score normalised at 100

The highest SPADI score of 61.1 reflected an annual report that provided a high level of qualitative and financial information. Thirty-seven of its 68 pages were devoted to qualitative disclosures on the nature of objectives and performance, and to reports by the Board of Trustees Chairperson and school Principal. The particular school is renowned for its pursuit of academic, sporting and cultural

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\(^{5}\) As noted in a prior section, the non-disclosure of a SPADI item is included in the descriptive statistics and would therefore receive a zero quality score.
excellence and the SPADI score suggests ‘intent’ to use the annual report to portray an image that upholds the ‘traditional values’ (i.e. market niche) of the school.

The lowest SPADI score of 18.5 was indicative of an annual report that provided the mandatory financial statements, in an aggregated form, with little or no further information about educational activities and achievements. The annual report (40 pages) was devoted solely to disclosures of financial performance and condition. Notably, the school was the sole provider of secondary education within a 20-25 km radius and, as such, was not subject to the same market forces experienced by other schools, such as, for example, the school with the highest SPADI score.

The findings of Table 4 indicate that in aggregate, the quality of the items disclosed was low and could be described as ‘poor’ to ‘average’. This can be compared to the findings summarised in Table 2, above, where the quantity of disclosure was relatively ‘high’. From the data in Table 4, it would appear that there has been an improvement in the scores obtained by the schools over the period reviewed. A non-parametric paired sample of means test (see Table 5) shows the difference in means for 1997 and 2001 is not statistically significant.

Table 5: Paired Sample of Means Test Comparing 1997 and 2001 SPADI Mean Scores

<table>
<thead>
<tr>
<th>Year</th>
<th>Difference in Means</th>
<th>Degrees of Freedom</th>
<th>t - Statistic</th>
<th>Probability</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997 and 2001</td>
<td>2.9</td>
<td>16</td>
<td>1.335</td>
<td>0.200</td>
</tr>
</tbody>
</table>

A duplicate set of tests was calculated on the unweighted means for each school to ascertain if the criteria weighting were biasing the results. The resultant means and standard deviations are very similar to those obtained in Table 4, and the significance of the paired sample of means is similar to

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6 The unweighted mean score for 1997 was 40.38 and for 2001, 43.57, with standard deviations of 9.5 and 13.9, respectively.
that obtained in Table 5. This indicates that the weighting did not influence the results of the SPADI, adding an extra degree of certainty about the results obtained.

**Quality of Disclosure by Criteria Category**

The quality of individual categories of SPADI items is also evaluated and reported in Table 6. The quality score reported here is solely determined on the basis of the 0-5 quality scale and does not include the 0-3 weighting of importance scale. The ‘overview’ section of the schools’ annual reports scored a mean of 1.52 of the maximum possible score of 5. The reason for this is the low scores recorded for several of the individual category items: employment/educational destination (0.0), equal employment opportunities (0.1) and student-staff ratio (0.0). Notably, only two items scored above 50% of the possible 5 (Principal’s Report and Directory). There is no statistical significance from comparing the difference in means between the two years.

The second section, ‘performance’, is the weakest area of reporting with a mean of 1.45 out of the maximum possible score of 5. The reason for this is no item scored above 50% of the maximum score and one item (Targets) scored a low mean of 0.8. A statistical test comparing the difference in means between years for individual items indicated that the change in score for performance measurement was statistically significant ($t = 3.108; p = 0.006$). One possible explanation for this is that the decline in quality is the result of fewer schools reporting disclosures of performance measurement. The percentage of schools disclosing performance measurement information between 1997 and 2001 declined from 70% to 40%. A paired sample of means test comparing the quantity of disclosure mean scores for 1999 and 2001 indicated that the change in quantity score (70% to 40%) to be statistically significant ($t = 2.582; p = 0.02$).

---

7 The result was statistically insignificant. The difference in means was 3.19, degrees of freedom 16, $t$ – statistic 1.616 and 0.125 probability.
<table>
<thead>
<tr>
<th>Overview</th>
<th>Maximum</th>
<th>1997</th>
<th>2001</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statement of Objectives</td>
<td>5</td>
<td>1.6</td>
<td>1.2</td>
<td>1.4</td>
</tr>
<tr>
<td>Chairperson’s Report</td>
<td>5</td>
<td>2.1</td>
<td>1.9</td>
<td>2.0</td>
</tr>
<tr>
<td>Principal’s Report</td>
<td>5</td>
<td>2.6</td>
<td>3.2</td>
<td>2.9</td>
</tr>
<tr>
<td>Summary Facts and Figures</td>
<td>5</td>
<td>1.9</td>
<td>1.5</td>
<td>1.7</td>
</tr>
<tr>
<td>Directory</td>
<td>5</td>
<td>3.1</td>
<td>3.4</td>
<td>3.3</td>
</tr>
<tr>
<td>Student Numbers</td>
<td>5</td>
<td>1.3</td>
<td>1.5</td>
<td>1.4</td>
</tr>
<tr>
<td>Employ/Educ Destination</td>
<td>5</td>
<td>0.0</td>
<td>0.1</td>
<td>0.0</td>
</tr>
<tr>
<td>Personnel</td>
<td>5</td>
<td>2.4</td>
<td>2.5</td>
<td>2.4</td>
</tr>
<tr>
<td>EEO</td>
<td>5</td>
<td>0.1</td>
<td>0.2</td>
<td>0.1</td>
</tr>
<tr>
<td>Student-staff ratio</td>
<td>5</td>
<td>0.0</td>
<td>0.1</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>Overview Mean</strong></td>
<td></td>
<td>1.5</td>
<td>1.6</td>
<td>1.52</td>
</tr>
<tr>
<td>Performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Targets</td>
<td>5</td>
<td>0.8</td>
<td>0.8</td>
<td>0.8</td>
</tr>
<tr>
<td>Performance Measurement</td>
<td>5</td>
<td>1.4</td>
<td>0.9</td>
<td>1.2</td>
</tr>
<tr>
<td>Student Achievement</td>
<td>5</td>
<td>1.6</td>
<td>1.9</td>
<td>1.8</td>
</tr>
<tr>
<td>Actual to Budget</td>
<td>5</td>
<td>2.0</td>
<td>2.0</td>
<td>2.0</td>
</tr>
<tr>
<td><strong>Performance Mean</strong></td>
<td></td>
<td>1.5</td>
<td>1.4</td>
<td>1.45</td>
</tr>
<tr>
<td>Financial</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Review</td>
<td>5</td>
<td>1.4</td>
<td>0.6</td>
<td>0.5</td>
</tr>
<tr>
<td>Notes</td>
<td>5</td>
<td>5.0</td>
<td>5.0</td>
<td>5.0</td>
</tr>
<tr>
<td>Statement of Financial Performance</td>
<td>5</td>
<td>3.8</td>
<td>4.0</td>
<td>3.9</td>
</tr>
<tr>
<td>Statement of Cash Flows</td>
<td>5</td>
<td>1.8</td>
<td>2.9</td>
<td>2.3</td>
</tr>
<tr>
<td>Financial Performance Ratios</td>
<td>5</td>
<td>2.5</td>
<td>4.0</td>
<td>3.2</td>
</tr>
<tr>
<td>Statement of Financial Position</td>
<td>5</td>
<td>3.9</td>
<td>4.0</td>
<td>3.9</td>
</tr>
<tr>
<td>Property</td>
<td>5</td>
<td>3.0</td>
<td>3.1</td>
<td>3.0</td>
</tr>
<tr>
<td>Investments</td>
<td>5</td>
<td>2.2</td>
<td>2.4</td>
<td>2.3</td>
</tr>
<tr>
<td>Commitments and Contingencies</td>
<td>5</td>
<td>3.3</td>
<td>3.8</td>
<td>3.6</td>
</tr>
<tr>
<td>Library</td>
<td>5</td>
<td>0.9</td>
<td>1.2</td>
<td>1.1</td>
</tr>
<tr>
<td><strong>Financial Mean</strong></td>
<td></td>
<td>2.8</td>
<td>3.1</td>
<td>2.88</td>
</tr>
</tbody>
</table>

The quality of disclosures on issues of ‘financial’ performance was the highest area of reporting with a mean of 2.88 of the maximum possible score of 5. A possible explanation for this higher result is that financial reporting is a more developed area of annual reporting than non-financial disclosures (including many of the items categorised under ‘overview’ and ‘performance’) – in both the private and public sectors. Four items scored less that 50% of the possible score: Financial Review (0.5); Statement of Cash Flows (2.3) – but only because all schools are not statutorily required to prepare a Statement of Cash Flows; Investment (2.3); and Library (1.1).
A statistical test comparing the difference in means between the two years indicated that the score for three ‘financial’ items are statistically significant: Financial Review ($t = 3.165; p = 0.006$); Statement of Cash Flows ($t = 3.636; p = 0.002$); and Financial Performance Ratios ($t = 5.679; p = 0.000$). Possible explanations for these findings include: (i) the decline in quality due to fewer schools reporting disclosures of performance measurement; and (ii) improved quality of disclosures. The percentage of schools disclosing financial review information between 1997 and 2001 declined from 80% to 50%. A paired sample of means test comparing the quantity of disclosure mean scores for 1997 and 2001 indicated that the change in quantity score (80% to 50%) to be statistically significant ($t = 3.346; p = 0.004$). Although the percentage of schools disclosing statement of cash flows and financial performance ratios increased between 1999 and 2001 (60% to 80% for Statement of Cash Flows and 90% to 100% for Financial Performance ratios), the increases are not statistically significant. Therefore, the improvement in quality scores for these two items is largely the result of improvement in the quality of disclosure / informational-value content.

**Timeliness**

Prior research has argued that timeliness of annual reports is a key component of the discharge of accountability obligations (see, for example, Coy, Dixon & Tower, 1993a; Lont & Duncan, 1989; Smith & Coy, 1999). The timeliness of schools’ annual reports may be considered from two angles; the date when annual reports are required to be submitted to the Ministry of Education, and the date when the printed and bound annual report is sent out or otherwise made available to parties external to the reporting process and the public at large. The former could be called ‘statutory process’ timeliness and the latter ‘public accountability’ timeliness, and the two differ in that one is subject to well defined legislation and the legislation about the other is vague.

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8 For difference in quantity score means for the Statement of Cash Flows resulted in $t = 1.851$ and $p = 0.08$. The difference in quantity score means for Financial Performance Ratios resulted in $t = 1.460$ and $p = 0.163$.

9 If the Ministry does not receive audited financial statements in time, the Ministry, as the Government’s agent, cannot permit further funding from public funds.
The statutory timeliness requirements for school annual financial statements are defined by the *Public Finance Act 1989* whereby a report on the performance of the schools’ sector, for the prior year ending 31 December, is required to be tabled in the House of Representative not later than 30 June (s.44B). However, in order to prepare the aggregated report, Boards of Trustees are required to have submitted their financial statements to their respective auditors by 31 March. The Board’s auditors must then complete an audit by 30 April (or within 30 days of receipt) and the Boards are then required to submit their audited financial statements to the Ministry of Education by 31 May. The outcome of these various stipulations is that the annual financial statements should be sent to the Ministry of Education within 151 days of the balance date.

From the annual reports reviewed in this study, there was no indication of the day upon which the annual reports were submitted to the Ministry of Education. Accordingly, and for current purposes, the number of days between 31 December and the date each Board of Trustees Chairperson and Principal signed the statutorily required ‘Statement of Financial Responsibility’ is used as a proxy for timeliness. Although it is likely that a report would not be published and publicly available until at least a few days have elapsed after the signing of the Statement of Financial Responsibility, and may also be influenced by whether the financial statements were audited before or after the signing (incomplete sets of annual reports including an Audit Report precluded the use of the date on which the audit was signed off), in the absence of better information, this is considered to be a suitable surrogate for timeliness. The results as shown in Table 7 indicate that the average time taken was approximately 115 days for 1997 and 124 days for 2001. Notably, two schools in 1997 did not meet the 151 day deadline (169 days and 170 days). For 2001 only 1 school (but not one of the two schools in 1999) exceeded the 151 day deadline (206 days), although five other schools came close to the deadline (2 at 151 days (including 1 of the 2 schools in 1997), 2 at 150 days and 1 at 149 days). The annual reports did not provide any reference to the implications, if any, of submission to the Ministry of Education after due date.
Table 7: Timeliness of Annual Reporting

<table>
<thead>
<tr>
<th></th>
<th>1997</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean days</td>
<td>114.6</td>
<td>123.7</td>
</tr>
<tr>
<td>Standard Deviation</td>
<td>33.2</td>
<td>34.2</td>
</tr>
<tr>
<td>Maximum days</td>
<td>170</td>
<td>206</td>
</tr>
<tr>
<td>Minimum days</td>
<td>57</td>
<td>57</td>
</tr>
</tbody>
</table>

From the data in Table 7, it would appear that there was deterioration in the time taken to prepare the annual report and make available for submission to the Ministry of Education between the two years. There was no statistical difference in the change of means between the two years\(^\text{10}\).

Factors influencing SPADI Quality Scores

Prior research has shown the size of the entity and the timeliness of their reports may influence quality (Coy \textit{et al.} 1993a). Both total assets and total revenue are often used as a proxy for size. However, and as shown in Table 8 for 1997, although a correlation is found between the SPADI scores and total assets and total revenues, a stronger correlation is found between SPADI scores and the amount of non-government revenue. One possible explanation for this finding is that the annual report is used to market the activities and achievements of the school in an effort to attract additional funding from business and the local community. In particular, the internationalisation and commercialisation of education services has seen the proliferation of community-oriented education (‘night schools’) and international student enrolments. Notably, and for the 2001 annual reports, the correlations for all factors are not as significant as those for 1999 (p < 0.05 and p < 0.01, respectively), and assets, rather than external funding, provide the strongest of the three correlations. A reason for this is less obvious.

As one of the schools had received almost double the amount of non-government revenue than schools with the next highest amount (1997, $3.1m and $1.7m and 2001, $3.6m and $2.7m, respectively), the correlation calculations and statistics were recalculated after excluding the one school, in order to test

\(^{10}\) To test if there was a significant deterioration in the length of time taken by schools to prepare their annual reports and make available for submission a paired sample \(t\)-test was performed. The result was insignificant. The difference in means was 9.1 days, degrees of freedom 16, \(t\)-statistic of 1.679 and probability of 0.112.
whether this outlier distorted the above results. The results were different to Table 8 and indicated a
change in the level of significance. For 1997 all three factors indicated a statistically significant
correlation to the SPADI score (revenue, \( p<0.05 \); assets, \( p<0.01 \); and external revenue, \( p<0.01 \)), but a
notable change was observed for 2001 in that only assets (\( p<0.05 \)) indicated a statistically significant
correlation with the 2001 SPADI scores. This finding supports prior studies suggesting a correlation
between size (using assets as a proxy) and the quality of annual reports.

Table 8: Correlation and Regression between SPADI score and independent variables

<table>
<thead>
<tr>
<th>n = 17</th>
<th>1997</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>R</td>
<td>0.617</td>
<td>0.505</td>
</tr>
<tr>
<td>R Square</td>
<td>0.381</td>
<td>0.255</td>
</tr>
<tr>
<td>t-Statistic</td>
<td>3.138</td>
<td>2.270</td>
</tr>
<tr>
<td>P-value</td>
<td>0.006**</td>
<td>0.038*</td>
</tr>
<tr>
<td>Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>R</td>
<td>0.616</td>
<td>0.572</td>
</tr>
<tr>
<td>R Square</td>
<td>0.379</td>
<td>0.327</td>
</tr>
<tr>
<td>t-Statistic</td>
<td>3.130</td>
<td>2.705</td>
</tr>
<tr>
<td>P-value</td>
<td>0.006**</td>
<td>0.016*</td>
</tr>
<tr>
<td>External Funding</td>
<td></td>
<td></td>
</tr>
<tr>
<td>R</td>
<td>0.704</td>
<td>0.491</td>
</tr>
<tr>
<td>R Square</td>
<td>0.496</td>
<td>0.241</td>
</tr>
<tr>
<td>t-Statistic</td>
<td>3.973</td>
<td>2.186</td>
</tr>
<tr>
<td>P-value</td>
<td>0.001**</td>
<td>0.045*</td>
</tr>
</tbody>
</table>

* significant at the 0.05 level; ** significant at the 0.01 level

A further factor that may influence quality of reporting that has been examined in prior research is that
of timeliness. Some argue that the higher the quality of the annual report, the more timely the report.

Prior research has produced inconsistent results on the relationship between the quality of reporting
and the timeliness of the reports. Table 9 shows the calculated regression and correlation between the
SPADI scores and timeliness. The results show a significant correlation for 1997, and a significant
correlation at the 0.05 level for 2001. Arguably, and on balance, these results are inclusive and thereby
are unable to provide support for prior research findings.
Table 9: Correlation and Regression between SPADI score and Timeliness

<table>
<thead>
<tr>
<th></th>
<th>1997</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>R</td>
<td>0.423</td>
<td>0.529</td>
</tr>
<tr>
<td>R Square</td>
<td>0.179</td>
<td>0.280</td>
</tr>
<tr>
<td>t Statistic</td>
<td>-1.868</td>
<td>-2.417</td>
</tr>
<tr>
<td>P-value</td>
<td>0.08</td>
<td>0.028*</td>
</tr>
</tbody>
</table>

* significant at the 0.05 level

Observations

It was found that schools seemed to be critical of the performance aspect of annual reporting. Arguably, services relating to education are not easily measured and any attempt at performance measurement is likely to be vague and superficial. This view is reflected in the varying attempts at performance disclosures and the differences in the ‘quality’ of schools’ external annually reported performance disclosures. As evidenced from the SPADI scores, there remains significant opportunity for further improvement in the extent and ‘quality’ of school performance disclosures.

The preparation of the annual report is time consuming and costly, and there is the question of who uses the reports and to what extent they are useful? Although the Ministry of Education receives copies of the annual report, discussions with key personnel at the school sites (refer, Tooley, 2002) indicate that no feedback was received back from the Ministry and, further, there is little apparent interest in the annual report among key stakeholders, such as parents and the wider community. Other forms of disclosures (e.g., school newsletters, parent-teacher interviews, public meetings) are considered more beneficial.

It is evident that the actual practice of school performance reporting developments over the last decade has placed heavy emphasis on annual financial performance reporting, with too little emphasis on non-financial performance reporting (i.e. output and outcome reporting). This is reflective of the extent to which business accounting for performance, in the form of accrual financial statements, is more firmly established in the private sector, than accounting for other forms and measures of performance.
Recourse to aspects of institutional theory, specifically organisational response to legitimacy and change (see, for example: DiMaggio & Powell, 1983; Meyer & Rowan, 1977; Powell & DiMaggio, 1991; Scott, 1995), provides one possible explanation for differences in the extent and quality of performance accountability disclosures as determined in this paper and a normative-rational (‘best practice’) model of accountability – the theoretical underpinning of the SPADI. If the disclosure of performance accountability is to satisfy external demands, then the full adoption of a normative-rational model of accountability need not occur, unless the items and criteria for disclosure highlighted by the normative-rational model are specifically required and enforced. Not all of the items identified in the SPADI are required by statute or regulation. The preparation and presentation of the ‘traditional’ financial statements are, in general, the main group of SPADI items required by statute and hence assessed with the ‘highest’ quality scores. The disclosure of other items are encouraged, but not enforced. Accordingly, the extent and quality of performance accountability disclosures identified for 1997 and 2001 annual reports are suggestive of an attempt by the schools satisfy the minimum requirements for external legitimacy, rather than to give effect to broader normative-rational accountability disclosure practices.

CONCLUSION

This paper has investigated the extent and ‘quality’ of performance accountability disclosures in the external annual reports of a sample of NZ secondary schools for the periods 1997 and 2001. It was noted that there is general acceptance for those involved in the education process to be accountable, liable and responsible. The presentation of an external annual report was identified as an important medium through which performance accountability can be discharged.

The findings of the review of annual reports issued by secondary schools indicate an overall lack of consistent quantity and quality of performance disclosures, especially those concerning service performance and condition. Although the preparation of the annual report is a legislative requirement imposed on schools, the information to be disclosed is less prescribed. While it is acknowledged that
the reporting of all disclosures measured under SPADI is not mandatory, the items identified in SPADI have, nevertheless, been identified in the literature as constituting important measures for performance accountability. Although the literature suggests that the annual report functions as a vehicle for communicating information to enable the performance and position of a school to be classified, quantified and evaluated, the quality of current disclosures was found to be deficient. The importance of disclosing information such as objectives, service performance and physical condition should not be underestimated, as they encapsulate disclosures pertaining to the educational activities and achievements of a school. Accordingly, a recommendation arising from the SPADI analysis would be for the enforcement of disclosures pertaining to such items.

The authors plan to continue this study following the recent enactment of the Education Amendment Bill (No.2) 2000 with effect from the 2003 school year which sets out a ‘new’ accountability requirement for schools, principally a school plan. The school plan is a public document setting out the following year’s direction, objectives, priorities and targets in the following broad categories: student achievement; activities aimed at meeting government policy objectives; management of resources, assets and liabilities, including human resources, finances and property. Notably, Boards of Trustees are required to provide an annual statement reporting against the school plan. In effect, the new reporting requirements set out to codify ‘best practice’ of performance accountability disclosures, as evidenced in this study – principally in the area of non-financial performance. Using the SPADI, future research could assess schools’ annual reports, including the school plan, to determine longitudinal improvement in the quality of performance disclosures.

REFERENCES


Appendix 1:  SPADI QUALITATIVE RANKING CRITERIA

A.  Overview

(1)  Statement of Objectives
5  Separate statement including vision/mission/values/objectives/goals, future performance
   targets/objectives; reference to school charter/plan and government policies; specific, concise,
   understandable and realistic terminology; all together at front. The items must have
   measurable/quantitative dimensions and a given time-frame.
4  As per 5, but deficient in one significant item.
3  General and specific, some breadth, and including only some significant measurements.
2  Lacking any significant measurements.
1  Brief (rhetorical), incomplete.

(2)  Board of Trustees Chairperson’s Report
5  Thorough yet inviting to read; full review; reference to broad spectrum of activities and
   achievements; set in context of social, economic, and political environment.
4  As per 5, but lacking some its substance.
3  Broad discussion or sub-classification.
2  Brief description only.
1  Bare discussion.

(3)  Principal’s Report
5  Thorough yet inviting to read; full review; reference to broad spectrum of activities and
   achievements; set in context of social, economic, and political environment.
4  As per 5, but lacking some its substance.
3  Broad discussion or sub-classification.
2  Brief description only.
1  Bare discussion.

(4)  Summary Facts and Figures/Key Statistics
5  Separate, titled section; key facts and figures; at least three year trends and comparatives;
   possibly illustrations.
4  As per 5, but lacking some significant feature.
3  Comprehensive one-year summary.
2  One-year summary, but lacks comprehensiveness.
1  Sparse information.

(5)  Directory Information
5  Address, telephone, fax numbers; contents page; date of issue; Board of Trustees Members
   and who they represent; senior staff.
4  As per 5, but with all or part of one set omitted.
3  As per 5, but with all or part of two sets omitted.
2  Two of the items in 5 only.
1  One of the items in 5 only.

(6)  Student Numbers
5  Student enrolment based information, both in aggregate for institution and by year-level;
   section title; at least 4-year trend and including illustration(s).
4  As per 5, but less than 4-year trend.
3  As per 4, but excluding illustrations.
2  As per 3 (student enrolment numbers), but either aggregate or year-level information only.
Raw numbers, enrolments, number of students.

(7) **Employment/Educational Destination of School Leavers**
5 Separate statement with title, and including the following items: detailed analysis by year-level; 4-year trends; and illustration(s).
4 As per 5, but with one item omitted.
3 As per 5, but with two items omitted.
2 Separate statement with title, but limited analysis only.
1 Sparse information.

(8) **Personnel**
5 Clearly titled statement showing: numbers of staff; classified into academic by seniority/experience; classified by job type (academic, administrative, other); at least 3-year comparisons.
4 As per 5, but lacking one significant feature.
3 As per 4, but lacking two significant features.
2 As per 3, but lacking three significant features.
1 Sparse reference.

(9) **Equal Employment Opportunities**
5 Separate title section disclosing: quantitative and descriptive information about appropriate groups (e.g., gender, ethnic, disabled); level of positions; illustration(s); comparatives.
4 As per 5, but lacking illustration(s).
3 As per 4, but lacking comparatives.
2 As per 3, but descriptive information only.
1 Sparse reference.

(10) **Student-staff Ratio**
5 Clear titled statement showing: ratio (student/staff) in total and by year-level; with at least 4-year comparative; narrative and illustration(s).
4 As per 5, but omitting either narrative or illustration(s).
3 As per 4, but omitting narrative and illustration.
2 Disclosures ratio in total and by year-level for one year only.
1 Disclosures ratio in total only.

B. **Performance Information**

(11) **Targets**
5 Comprehensive non-financial (or part financial) targets for year of report shown alongside at least 5 items.
4 As per 5, except for 4 items.
3 As per 4, except for 3 items.
2 As per 3, except for 2 items.
1 Sporadic targets.

(12) **Performance Measurement**
5 Separate titled section; comparing non-financial and part financial performance with objectives for key activities; some indication of benchmarking; meeting performance indicators derived from objectives; meeting government policies.
4 As per 5, but lacking some significant feature.
3 Comprehensive one-year summary only (lacking two significant features).
2 One-year summary but lacks comprehensiveness.
1 Sparse information.
(13) **Student Achievement**

5 Clear titled statement showing: curricula and extra curricula achievement; detailed analysis by year-level and/or activity; four-year trends and illustration(s).
4 As per 5, but lacking some significant feature.
3 Comprehensive one-year summary.
2 One-year summary, but lacks comprehensiveness.
1 Sparse information.

(14) **Actual to Budget**

5 Comprehensive disclosure of actual, budget and variance; line by line in total and by program showing details of Operating Revenue, Operating Expenses, Abnormal items and increase/decrease in operating capability; explanation of significant differences.
4 As per 5, but variances excluded.
3 Summary operating statement only with variances.
2 Summary operating statement only.
1 Sporadic, incomplete disclosure only.

C. **Financial Information**

(15) **Financial Review**

5 Separate, title section providing review of revenues, expenses, assets, liabilities, capital projects and any other significant financial issues; at least three year comparisons; explanation of trends; possibly illustrations.
4 As per 5, but lacking one feature.
3 Titled, brief review.
2 Brief review as part of another section/report.
1 Sparse information.

(16) **Notes to the Financial Statements**

5 Statement of Significant Accounting Policies with excellent detail, showing full basis of presentation; if a change reason for change, detailed explanation, with quantitative impact; clear statement that all changes have been disclosed and consistent application of all other items stated; specific notes relating to all major items.
4 As per 5, but one section only with significant deficiency.
3 As per 5, but under changes, limited reference to quantitative impact.
2 As per 5, but two sections with significant deficiency.
1 Any reference which fails to meet criteria in 2.

(17) **Statement of Financial Performance**

5 A statement showing all revenues and expenses (either in the report or by note); not more than 10% of total in any single unanalysed item; one year comparative; subheadings and other aids to understanding abnormal items; extraordinary items, overall increase/decrease in operating capability; in Notes, revenue and expenses by program/function and comparison with previous year.
4 As per 5, but either lacks some detailed disclosure or is more aggregated.
3 As per 5, but lacks some detailed disclosure and is more aggregated.
2 A Summary Financial Performance Statement, but lacks any further attributes as described in 5 above.
1 A Summary Statement(s) by input items (e.g., salaries, consumables).

(18) **Statement of Cash Flows**

5 Cash flow format; comparatives; subheadings, informative footnotes and other aids to understanding; clear reconciliation with surplus/deficit.
As per 5, but lacking one significant feature.
Basic statement with comparatives.
Basic statement without comparatives.
Minimal reference.

(19) Financial Performance Ratios
Separate section including financial performance ratios; some indication of benchmarking; showing at least 5 items (ratios); at least three-year trends and explanations.
As per 5, but lacking explanations, at least 4 items and less than 3-year trends.
As per 5, but at least 4 items and less than 3-year trends.
As per 5, but only three items and only two-year comparatives.
Sporadic, incomplete disclosure only.

(20) Statement of Financial Position
Detailed statement, disclosing all assets and liabilities in major categories; details of reserves and movements on reserves; comparatives; extensive footnotes; subheadings; appropriate classifications; not more than 20% of assets in a single item; in Notes assets analysed by function/program.
As per 5, but does not indicate assets controlled but not legally owned.
As per 4, but more that 20% of assets disclosed in a single analysed item.
Basic, includes comparatives and some footnotes, but over-aggregated.
Poor or no classification, major assets omitted, sparse footnotes.

(21) Property
Comprehensive disclosure of property owned, leased or Crown asset controlled; significant changes (acquisition and disposal); ten year maintenance program; significant improvements/maintenance for current reporting period; valuations showing cost, net book value and government valuation; area; illustration(s); and comparatives.
As per 5, but some assets used are omitted or over-aggregated.
As per 4, but limited policy disclosure and/or analysis.
Balance sheet valuation and significant reference to usage.
Minimal information.

(22) Investments (Look in Cash as well)
Separate schedule showing: all holdings; investment income; basis of valuation.
As per 5, but omitting one significant component.
As per 4, but omitting two significant components.
Separate schedule but lacking in detail.
Minimal disclosure.

(23) Commitments and Contingencies
If no commitments and contingencies then clear statements to this effect; if commitments: separate statement with full disclosure, stating purpose/project and showing total expected expenditure and expenditure to date, with expected completion date and a clear statement that all items disclosed. If contingencies: separate, clear statement disclosing individual items with financial impact, clearly stating that all items disclosed.
As per 5, mentioning both and financial impact but incomplete for either commitments or contingencies.
As per 4, but incomplete for both or complete for one and other not mentioned.
Commitments and contingencies referred to but no disclosure of financial impact.
Sparse reference to either commitments or contingencies.

(24) Library
Narrative description; non-financial and financial information; collection held; collection changes; details of patronage; IT, videos and similar collections; staff and library facilities; comparatives; valuations and valuation method disclosed.

As per 5, but lacking two significant parts.

As per 4, but lacking three significant parts.

Includes at least two significant parts identified in 5.

Brief cursory data only.