



# 2019/20 annual report and accounts checklist



## Introduction

The production of the 2019/20 annual report and accounts will be like no other year. Finance teams and auditors are working in a very different environment – at home, where possible, and with social distancing where not. Both finance and audit teams will be depleted as staff are unable to work or are redeployed to other roles.



The Covid-19 pandemic has had a massive impact on the operation of all NHS bodies and that has had a knock-on impact on financial governance, the types of transactions and the closing year-end position. Deadlines have been moved, some requirements have been postponed or removed and the guidance is changing quickly.

This checklist is intended to be a simple way of identifying, on a line by line basis, the issues that were expected to have an impact on the 2019/20 annual report and accounts both prior to the Covid-19 pandemic as well as those that have arisen as a result of the pandemic. Cross references are also provided to the appropriate guidance. Where a section of the annual report or line/ note in the annual accounts has not been included in this checklist that does not mean that it is not required – it simply means there are no new or different considerations for 2019/20.

This checklist will be reviewed and updated regularly throughout the preparation and audit period. New entries will be clearly marked and summarised in the table below. If you have any comments or questions, please contact [policy@hfma.org.uk](mailto:policy@hfma.org.uk).

## Amendments

<b>Date of amendment of this checklist</b>	<b>Section(s) amended</b>	<b>Reason</b>
9 April 2020	<i>Performance report – performance analysis</i> <i>Accountability report – remuneration and staff report</i> <i>Events after the reporting period</i> <i>Financial liabilities</i>	To reflect the changes to the GAM <sup>1</sup> set out in update 3 FAQs 11 and 13 <sup>2</sup> . The main change to the checklist is in relation to the new cash regime and the fact that it is an adjusting event after the reporting period.
14 April 2020	<i>Annual governance report (AGS)</i> <i>(Foundation trusts only) Accountability report – directors’ report</i>	To reflect the revised word documents issued by NHS Improvement to assist with the preparation of the annual governance statement and other statements.  For trusts, the section in the AGS on quality account has been revised to focus on data quality.  For foundation trusts, the guidance in the FT ARM relating to the section on NHS Improvement’s well-led framework has been amended to remind preparers of the annual report that this section should be succinct.
15 April 2020	<i>Provisions</i>	To reflect the letter issued on 11 April on calculating the provision for clinicians’ pension tax.

<sup>1</sup> DHSC, *Group accounting manual 2019/20*, updated March 2020

<sup>2</sup> DHSC, *Additional guidance version 3 (FAQ 11)*, March 2020

		Link to the HFMA FFF Finance Forum added to this document.
22 April 2020	<i>Accountability report – remuneration and staff report</i>	To clarify the requirements in relation to gender pay gap reporting.
	<i>Key sources of judgement and estimation uncertainty Property, plant and equipment</i>	To include reference to RICS guidance on material uncertainty in valuation reports and related NHSE&I guidance.
	<i>Inventory</i>	To amend the reference to discussing lack of stock takes with auditors.
	<i>Performance report – overview Accountability report – remuneration and staff report Annual governance report (AGS) Key sources of judgement and estimation uncertainty Going concern Events after the reporting period Employers’ pension contribution paid by NHS England PDC dividend (providers only) Property, plant and equipment Inventory Financial liabilities</i>	To reflect the FAQs and example disclosures issued by NHS&I
7 May 2020	<i>Quality account/ report</i>	To reflect the change to the quality account regulations for 2019/20
28 May 2020	<i>Going concern</i>	To reflect the statement issued by NHSE&I To add a reference to the HFMA podcast
	<i>Publication and the annual general meeting</i>	To reflect the DHSC’s guidance on laying the 2019/20 annual report and accounts before Parliament.

8 June 2020	<i>Annual governance report (AGS)</i> <i>Publication and the annual general meeting</i>	To reflect the audited accounts submission checklist for providers.
	<i>Publication and the annual general meeting</i>	To reflect the updated guidance and timetable for the publication of the annual report and accounts.

## NHS Finance Forum – now live!

The HFMA and FFF have worked together to develop the NHS Finance Forum, specifically for the finance community to support each other through this challenging period.

The Forum currently includes a useful links section and discussion boards covering subjects such as the annual accounts, governance arrangements and collecting Covid-19 cost data. New discussion boards will be added based on user feedback, and users can start their own topics in any of the discussion boards already available.

Access to the Forum is by invitation/request and is only available to individuals within the finance community who work for the NHS and who have an NHS, DHSC, Gov.Wales, Gov.Scotland, hscni.net, HFMA or FFF email address.

If you wish to be part of the Forum, please visit <https://forums.hfma.org.uk/register.php>

Once registered, please visit the 'User Guide' section to find out how to set up your profile and start posting.

## Revised deadlines

On 23 March, NHS England and NHS Improvement (NSE&I) issued *Updates to NHS accounts timetable and year-end arrangements*<sup>3</sup> - it was subsequently amended on 25 and 27 March so it is important that the NHSE&I *Financial accounting and reporting website*<sup>4</sup> and SharePoint sites are visited regularly during this period.

The deadline for the draft annual report and accounts is now **27 April** and that the deadline for the audited annual report and accounts is **25 June**. Providers can extend the draft accounts deadline to 11 May if necessary but must submit agreement of balances information on 27 April. Commissioners must meet the 27 April deadline.

## Materiality

An annual report and accounts is never 100% correct because it contains judgements and estimates. However, the accounts do need to be materially correct so that they provide a true and fair view. The consideration of materiality when preparing an annual report and accounts is always important but will be particularly the case this year as the team preparing the annual report and accounts is likely to be more stretched than usual.

<sup>3</sup> NHSE&I, [Updates to NHS accounts timetable and year-end arrangements – with provider annex](#), amended 27 March 2020

<sup>4</sup> NHSE&I, [Financial accounting and reporting updates](#)

IAS 1 *Presentation of financial statements* defines materiality as:

'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

In the case of public sector annual reports and accounts, according to paragraph 2.2.2 of the *Financial reporting manual 2019/20*<sup>5</sup> (FReM), the key users of government departments' financial statements are the relevant authority and Parliament. Paragraph 4.20 of the DHSC's *Group accounting manual 2019/20*<sup>6</sup> (GAM) expands this list for NHS bodies:

- NHS foundation trust's council of governors
- members of an NHS foundation trust
- patients and their carers
- Parliament, including relevant select committees
- NHS Improvement and other regulatory bodies
- the Department of Health and Social Care (DHSC)
- HM Treasury
- boards of directors and audit committees
- local authorities
- health and well-being boards
- sustainability and transformation partnerships (STPs)
- commissioners
- the taxpayer.

While all of the above may be interested in the activities of the NHS body and how public money is being spent, not all will make decisions based on the financial statements.

IAS 1 talks about existing and potential investors, lenders and other creditors. For NHS bodies, the users that will be taking these types of decisions are those with governance responsibilities for the organisation, regulatory bodies, government departments and Parliament. The focus of those organisations is likely to be on expenditure against income/ funding, cash flows and liabilities.

Therefore, these areas need to be the focus of attention in preparing accounts and, in these unusual times, less focus could be put on disclosures that are less of an issue for NHS bodies. Consideration could be given to excluding or reducing the detail in notes such as pooled budgets, intangible assets, investments, non-current assets held for sale, financial instruments and related party transactions. On the other hand, other notes or financial information may become more material – inventories and provisions or liabilities for example.

---

<sup>5</sup> HM Treasury, *Government financial reporting manual 2019/20*, updated December 2019

<sup>6</sup> DHSC, *Group accounting manual 2019/20*, updated March 2020

Auditors will, of course, be concerned with the decisions around materiality. They are required to consider materiality under the auditing standard ISA320 so all decisions around materiality must be discussed with the auditor as early as possible.

If immaterial items are excluded from the annual report and accounts, the auditor may report them to the audit committee in their ISA260 report to those charged with governance – this means that the audit committee will need to be informed of decisions around materiality and will need to be satisfied that immaterial adjustments are not made to the accounts in 2019/20.

## Annual report

Section <sup>7</sup>	Guidance	2019/20 issues (before Covid-19)	Covid-19 considerations
<b>Performance report – overview</b>	GAM 3.12 to 3.14  Foundation Trust Annual Reporting Manual (FT ARM) <sup>8</sup> 2.5 – 2.16	<b><i>[added 22 April] NHSE&amp;I has issued guidance on considerations NHS bodies should make when preparing their performance report. These mainly relate to the period prior to the Covid-19 pandemic<sup>9</sup>.</i></b>	
<b>Performance report – performance analysis</b>	GAM 3.5 and 3.19		<b><i>[added 9 April 2020] The performance analysis element of the annual report is optional to omit<sup>10</sup>,</i></b>
<b>Accountability report – remuneration and staff report</b>	GAM 3.33 – 3.63 and annex 3 to chapter 3  FT ARM 2.28 – 2.85 and annexes 1 and 2 to chapter 2	The GAM has been clarified but there are no changes to the reporting requirements.  The FT ARM has also been clarified: <ul style="list-style-type: none"> <li>• remuneration report – the policy on diversity and inclusion must be included</li> <li>• suggested wording has been included to help explain the in-year pension</li> </ul>	<b><i>[amended 21 April 2020] There will be no enforcement of the gender pay gap reporting deadlines in 2019/20 and there is no expectation that gender pay gap information will be reported<sup>11</sup>. A link should still be provided in the annual report to where the information</i></b>

<sup>7</sup> Where a section of the annual report has not been included that does not mean that it is not required – it simply means there are no new considerations for that section in 2019/20.

<sup>8</sup> NHS Improvement, *Foundation trust annual reporting manual 2019/20*, updated 10 April 2020

<sup>9</sup> NHSE&I, *Considerations for annual report and accounts 2019/20*, 22 April 2020

<sup>10</sup> DHSC, *Additional guidance version 3 (FAQ 11)*, March 2020 and NHSI

<sup>11</sup> Government Equalities Office, *Employers do not have to report gender pay gaps*, 24 March 2020

Section <sup>7</sup>	Guidance	2019/20 issues (before Covid-19)	Covid-19 considerations
		<p>benefits in the single total remuneration table</p> <ul style="list-style-type: none"> <li>• a link to the NHS body’s gender pay gap information should be included in the staff report</li> <li>• a link to extra guidance on the off-payroll disclosure has been added</li> </ul>	<p><b><i>is usually reported with an explanation of the 2019/20 circumstances.</i></b></p> <p>The decision means there will be no expectation on employers to report their data.</p> <p>The extension to the off-payroll working rules (IR35) to the private sector and its consequent implications for NHS bodies has been delayed until April 2021<sup>12</sup>. This will not change the reporting requirements.</p> <p><b><i>[added 9 April 2020] The requirement to disclose sickness absence data is now optional – a reference to the NHS Digital publication of NHS sickness absence rates can be included instead<sup>13</sup>. [added 22 April 2020] NHSE&amp;I has issued additional guidance on how TAC09 should be completed<sup>14</sup>.</i></b></p>
<p><b>(Foundation trusts only)</b> <b>Accountability report – directors’ report</b></p>	<p>FT ARM 2.19 – 2.27</p>		<p><b>NHS Improvement’s well-led framework</b></p> <p>NHS foundation trusts are reminded that this section should be a <b>brief overview</b> of the arrangements and the FT ARM lists items that foundation trusts ‘may wish to consider’ for inclusion in the report.</p>

<sup>12</sup> HMRC, *April 2021 changes to off-payroll working for intermediaries*, updated 23 March 2020

<sup>13</sup> DHSC, *Additional guidance version 3 (FAQ 11)*, March 2020 and paragraph 2.80 of the FT ARM

<sup>14</sup> NHSE&I, *Updates to NHS accounts timetable and year-end arrangements – 2019/20 year end frequently asked questions*, added 22 April 2020

Section <sup>7</sup>	Guidance	2019/20 issues (before Covid-19)	Covid-19 considerations
<b>Quality account/ report</b>	FT ARM 2.101 – 2.104		<p><b>Quality accounts (all providers)</b> <sup>15</sup></p> <p><i>[Updated 7 May 2020] The Regulations normally require the report to be published by 30 June, but that deadline has been removed for 2019/20<sup>16</sup>. NHSE&amp;I recommend that quality accounts are published by 15 December 2020 which would mean that the draft accounts should be provided to stakeholders by 15 October to allow them time for scrutiny and comment<sup>17</sup>.</i></p> <p>Auditor assurance work is no longer required.</p> <p><b>Quality reports (foundation trusts only)</b> <sup>18</sup></p> <p>The quality report does not need to be included in the annual report.</p> <p>Auditor assurance work is no longer required.</p>
<b>Annual governance report (AGS)</b>	GAM 3.29 FT ARM 2.97 – 2.100 annex 5 to chapter 2	<p>The report's conclusion should only list significant internal control issues or state that there are none.</p> <p><i>[update 8 June] The audit submission checklist reminds provider bodies that the conclusion should clearly identify the</i></p>	<p><i>[update 11 April 2020] (trusts only) NHSI have updated the guidance<sup>21</sup> on the AGS for trusts only to reflect the changes to the quality account requirements and focus on data quality instead. Extracts have been published</i></p>

<sup>15</sup> NHSE&I, *Updates to NHS accounts timetable and year-end arrangements – with provider annex*, amended 17 March 2020 and NHS Improvement, *Quality accounts requirements 2019/20*, updated 23 March 2020 and NHS Improvement, *NHS foundation trust quality reports: 2019/20 requirements*, updated 23 March 2020

<sup>16</sup> SI 2020/466 *The National Health Service (Quality Accounts) (Amendment) (Coronavirus) Regulations 2020*

<sup>17</sup> NHSE&I, *Quality accounts requirements 2019/20*, updated 1 May 2020

<sup>18</sup> NHSE&I, *Updates to NHS accounts timetable and year-end arrangements – with provider annex*, amended 17 March 2020

<sup>21</sup> NHSE&I, *NHS trusts: requirement for annual governance statements and other year-end material 2019/20*, posted 27 March 2020

Section <sup>7</sup>	Guidance	2019/20 issues (before Covid-19)	Covid-19 considerations
		<p><b>significant control issues (not risks) arising in the statement or clearly state that there are none. This statement should be reflected in TAC 51<sup>19</sup>.</b></p> <p>A disclosure on the trust's compliance with <i>Managing conflicts of interest in the NHS</i><sup>20</sup> is required. Change for FTs – in relation to managing conflicts of interest in the NHS.</p>	<p><b>in word to assist with the preparation of the annual report and accounts<sup>22</sup></b></p> <p><b>[update 11 April 2020] (foundation trusts only) extracts from the FT ARM have been published<sup>23</sup> in word to assist with the preparation of the annual report and accounts and to reflect an update to the FT ARM]</b></p> <p>NHS bodies are being sent gifts and donations, it is important that they are documented and disclosed<sup>24</sup> - this may impact on the disclosures around hospitality registers and conflicts of interest.</p> <p><b>[added 22 April] NHSE&amp;I has issued guidance on considerations NHS bodies should make when preparing their annual governance statement in relation to the impact that the pandemic has had on their control environment<sup>25</sup>.</b></p>

<sup>19</sup> NHSS&I, *Submission checklist for providers*, published 5 June 2020

<sup>20</sup> NHS England, *Managing conflicts of interest in the NHS*, February 2017

<sup>22</sup> NHSE&I, *Financial accounting and reporting updates - NHS trusts: annual governance statement and year-end certificates 2019/20*, posted 11 April 2020

<sup>23</sup> NHSE&I, *Financial accounting and reporting updates - NHS foundation trusts: AGS and other extracts from FT ARM 2019/20*, posted 11 April 2020

<sup>24</sup> HFMA, *Checklist for accepting gifts or donations*, April 2020

<sup>25</sup> NHSE&I, *Considerations for annual report and accounts 2019/20*, 22 April 2020

## Annual accounts

Statement/ note <sup>26</sup>	Guidance	2019/20 issues (not Covid-19 related)	Covid-19 considerations
<b>Overall</b>			
<b>Accounting policies</b>	GAM 4.22 – 4.40	<b>Example policies</b> NHS provider example accounting policies have been issued <sup>27</sup> .	<b>New arrangements as a result of Covid-19</b> NHS bodies should review their accounting policies for new/ different accounting policies where Covid-19 has resulted in new or different financial transactions. For example, if accounting for stock has changed or where a Nightingale hospital has been established. New transactions will not necessarily result in new accounting policies as existing policies may be appropriate and have been followed but whether there might be an impact should be considered.
<b>Standards issued not yet implemented</b>	GAM 5.22, annex 2 to chapter 4	<b>IFRS 16 Leases</b> In relation to IFRS 16, the following disclosures are expected <sup>28</sup> : <ul style="list-style-type: none"> <li>• the title of the standard</li> <li>• the date of implementation</li> <li>• a summary of what it means in practice</li> </ul>	<b>IFRS 16 Leases</b> The adoption of IFRS 16 has been deferred until 2021/22 <sup>31</sup> . However, the standard has still been issued and will have a material impact on the accounts once it is implemented so narrative disclosure will be required at least.  The guidance on the completion of the TAC forms says <sup>32</sup> 'providers should

<sup>26</sup> Where a line/ note in the annual accounts has not been included that does not mean that it is not required – it simply means there are no new considerations for that line/ note in 2019/20.

<sup>27</sup> NHSE&I, *NHS provider example accounting policies*, March 2020

<sup>28</sup> HFMA, *2019/20 year-end reminders*, February 2020

<sup>31</sup> DHSC, *Additional guidance version 2 (FAQ 12)*, March 2020

<sup>32</sup> NHSE&I, *TAC completion instructions*, 24 March

Statement/ note <sup>26</sup>	Guidance	2019/20 issues (not Covid-19 related)	Covid-19 considerations
		<ul style="list-style-type: none"> <li>• a summary of the impact of the standard               <ul style="list-style-type: none"> <li>• on assets, liabilities and reserves</li> <li>• the cumulative impact on reserves</li> <li>• basis for measuring right of use assets on transition</li> <li>• use of practical expedients in relation to reassessment of whether a contract is a lease and low value and short-term leases.</li> </ul> </li> </ul> <p><b>IFRS 17 Insurance contracts</b></p> <p>The effective date for IFRS 17 is now 2023/24<sup>29</sup> but the standard has been issued so will need to be referred to in the accounts. At a minimum the title of the standard and the date of implementation should be disclosed along with a statement that work has not yet started on understanding its impact in the NHS unless work has been undertaken as requested by NHSE&amp;I<sup>30</sup>.</p>	<p>consider and consult with the local auditors on whether it is now impracticable to reassess the impact of implementing the standard in 2021/22, given the current pressures. Where quantification is deemed impracticable, narrative disclosures should still be made. The optional accounts template contains pro-forma narrative disclosure for 2019/20 accounts. Dates should be updated locally<sup>33</sup>.</p>
<p><b>Key sources of judgement and estimation uncertainty</b></p>	<p>GAM 5.19</p>	<p>This is an area of audit focus at the moment and was the subject of discussion at the pre accounts planning conferences<sup>34</sup>. When making judgements or estimating amounts the following should be considered:</p> <ul style="list-style-type: none"> <li>• are assumptions appropriate?</li> </ul>	<p><b>General</b></p> <p>Are the estimates and judgements still appropriate in these times? What has changed as a result of Covid-19?</p>

<sup>29</sup> IASB, *IASB decided on new effective date for IFRS 17 of 1 January 2023*, March 2020 and DHSC, *Additional guidance version 2 (FAQ 12)*, March 2020

<sup>30</sup> NHSE&I, *Financial accounting and reporting updates - IFRS 17 insurance contracts*, posted 8 August 2019

<sup>33</sup> NHSE&I, *Financial accounting and reporting updates - expected impact of implementation of IFRS 16 (IAS 8 disclosure)*, posted 27 March 2020

<sup>34</sup> HFMA, *Pre accounts planning conference slides*, January 2020

Statement/ note <sup>26</sup>	Guidance	2019/20 issues (not Covid-19 related)	Covid-19 considerations
		<ul style="list-style-type: none"> <li>• has anything changed from the prior year to change assumptions?</li> <li>• what is the justification for changing assumptions or the basis for estimates? There should be a service-related reason not simply a desire to improve the reported financial position</li> <li>• is there any indication of possible management bias?</li> <li>• are significant assumptions consistent with each other?</li> <li>• can assumptions be supported with external evidence?</li> <li>• what alternative assumptions could be made and why have they not been taken</li> <li>• are estimates realistic?</li> <li>• have estimates been 'stress tested' against a range of possible outcomes?</li> <li>• have other assumptions been considered? If not, why not?</li> </ul> <p>Auditors may use different assumptions or data when looking at management's judgements. They will want to test the underlying data and discuss any differences between their assessment and management's.</p> <p>The UK's exit from the EU is a particular area of concern for auditors<sup>35</sup>.</p>	<p><b>Valuations of non-current assets</b></p> <p>See also <i>Property, plant and equipment</i></p>

<sup>35</sup> HFMA, *2019/20 year-end reminders*, February 2020

Statement/ note <sup>26</sup>	Guidance	2019/20 issues (not Covid-19 related)	Covid-19 considerations
<b>Agreement of balances</b>	GAM 4.19 DHSC guidance <sup>36</sup>	<p>There have been no major changes to the guidance for 2019/20.</p> <p>The guidance has been amended to make it easier to read, for example, paragraphs 5.8 to 5.11 have been revised to make it clearer how the accrued column in the forms should be used.</p> <p>Other changes in the guidance reflect the organisational changes to NHS England. Paragraph 7.1 and appendices 1 and 3 of the NHS England appendices are particularly important for organisations that transact with NHS England.</p> <p>Paragraph 6.52 deals with the changes in relation to PSF, FRF and MRET and how they affect agreement of balances.</p> <p>It is worth noting that in-year mergers of NHS provider bodies always cause problems in relation to agreement of balances particularly when the merger occurs near the year end. Merged organisations and those who transact with them need to understand which entity is agreeing which balances and transactions.</p>	<p>The agreement of balances threshold for <b>agreeing</b> statements has been changed<sup>37</sup>:</p> <ul style="list-style-type: none"> <li>• receivables and payables statements is now £500k – it was previously £100k. Statements should still be issued for balances over £100k</li> <li>• income and expenditure statements is £5m – it was previously £2m. Statements should still be issued for transactions over £2m.</li> </ul>
<b>Going concern</b>	GAM 4.11 – 4.16 FT ARM 1.37, 2.12 – 2.16	<p><b>Reporting requirements</b></p> <p>Material uncertainties around the financial position must be disclosed in the financial statements<sup>38</sup>. It is management's</p>	<p><b>Covid-19 uncertainties</b></p> <p>For many commercial organisations, Covid-19 is a material uncertainty that will cast significant doubt over their ability to continue as a going concern. This may</p>

<sup>36</sup> DHSC, *Agreement of balances guidance 2019/20*, updated March 2020

<sup>37</sup> NHSE&I, *Financial accounting and reporting updates - Agreement of balances M12 2019/20 agreement thresholds*, posted 27 March 2020

<sup>38</sup> HFMA, *Going concern - Assessment and reporting requirements in difficult times*, October 2019

Statement/ note <sup>26</sup>	Guidance	2019/20 issues (not Covid-19 related)	Covid-19 considerations
		<p>responsibility to consider going concern and, in particular, any significant uncertainties.</p> <p><b>Reforms to the NHS cash regime effective from 1 April 2020</b></p> <p>On 2 April 2020, the DHSC announced<sup>39</sup> changes to the NHS cash and capital regimes for 2020/21. The new regime should be taken into account when undertaking the going concern assessment. NHS bodies often report that one of the material uncertainties that they face is their need to request interim cash funding for working capital management. The new arrangements may change that uncertainty, so each NHS body needs to understand what the new system means for them.</p>	<p>also be the case for NHS subsidiary bodies.</p> <p>For NHS bodies, this is not the case. In fact, while the outbreak is clearly a material uncertainty, the Chancellor’s statement in the Budget 2020 that ‘whatever extra resources our NHS needs to cope with coronavirus – it will get’ means that, for the period of crisis, there is more certainty about funding than before.</p> <p>Going concern assessments cover the period at least 12 months from the finalisation of the annual report and accounts. Hopefully, the period of crisis will be over by then so management will need to consider the period after the crisis and what the material uncertainties relating to that period might be.</p> <p><b><i>[added 22 April 2020] NHSE&amp;I’s guidance<sup>40</sup> states that they do not expect the current changes in relation to Covid-19 will lead to providers making new disclosures of material uncertainty over going concern.]</i></b></p> <p><b><i>[added 28 May 2020] NHSE&amp;I’s statement to support provider and commissioner forecasting<sup>41</sup> sets out the expectations that NHS bodies can use when developing their cash flow</i></b></p>

<sup>39</sup> DHSC, *Guidance on the cash and capital regimes for 2020/21*, 2 April 2020

<sup>40</sup> NHSE&I, *Considerations for annual report and accounts 2019/20*, 22 April 2020

<sup>41</sup> NHSE&I, *Statement from NHS England and NHS Improvement to support provider and commissioner forecasting*, 27 May 2020

Statement/ note <sup>26</sup>	Guidance	2019/20 issues (not Covid-19 related)	Covid-19 considerations
			<p><i>forecasts that may be used as part of their going concern assessment.</i></p> <p><i>[added 28 May 2020] The HFMA podcast provides an auditor’s view on the impact of the pandemic on going concern considerations<sup>42</sup></i></p> <p>If the accounts preparation process is extended, then the period covered by the going concern assessment will also be extended as it is 12 months from the date of signing the annual report and accounts.</p>
<p><b>Events after the reporting period</b></p>	<p>GAM 5.181 – 5.183</p>	<p><b>Reporting requirements</b></p> <p>The annual report and accounts will normally reflect the position at the end of the reporting period. However, events after that period need to be considered when they:</p> <ul style="list-style-type: none"> <li>• provide evidence of conditions that existed at the end of the reporting period – these are adjusting events</li> <li>• are indicative of conditions that arose after the reporting period - non-adjusting events.</li> </ul> <p><b>Reforms to the NHS cash regime effective from 1 April 2020</b></p> <p>See also <i>Going concern</i> on relation to the changes to the NHS capital and cash regime. <i>[amended 9 April 2020] This is an adjusting post balance sheet event as all loans from the DHSC need to be classified</i></p>	<p><b>Covid-19</b></p> <p>Covid-19 was declared a pandemic on 12 March 2020 and the UK government made announcements about how the population should act as a result before the end of March 2020 so these need to be taken into account in the preparation of the 2020/21 annual report and accounts.</p> <p>However, developments after 1 April 2020 (for example, the suspension of the long-term planning regime and the imposition of block contracts) should be considered to assess whether they provide evidence of conditions that existed during March 2020.</p>

<sup>42</sup> HFMA, *Auditing the 2019/20 annual accounts during Covid-19*, 28 May 2020 (please note, this is a podcast discussion rather than the provision of technical advice)

Statement/ note <sup>26</sup>	Guidance	2019/20 issues (not Covid-19 related)	Covid-19 considerations
		<p><i>as a current liability rather than split between current and non-current. Additional guidance will be issued by NHSE&amp;I in relation to the TAC forms<sup>43</sup>.</i></p> <p><i>[amended 22 April 2020] NHSE&amp;I has issued an example disclosure note<sup>44</sup>.</i></p>	
<b>Statement of comprehensive income/ statement of comprehensive net expenditure</b>			
<b>(English providers only) Provider sustainability fund (PSF), financial recovery fund (FRF) and marginal rate emergency tariff (MRET)</b>	GAM 4.61 – 4.70	<p>The key messages at the pre accounts planning conference<sup>45</sup> were that it is:</p> <ul style="list-style-type: none"> <li>vital to submit key data on time to get Q3 and Q4 payments</li> <li>important to use the tab '08a. PSF' as that leads providers through the calculation.</li> </ul> <p>Profits/losses on asset sales are not included in the calculation of performance against control totals in 2019/20</p>	The new date for submission of key data is 20 April 2020 (noon) <sup>46</sup> .
<b>(Providers only) Revenue</b>	GAM 5.61 – 5.69	<p><b>IFRS 15 Revenue from contracts with customers</b></p> <p>IFRS 15 was implemented in 2018/19 but it was widely accepted that the implementation was a year-end exercise and systems would need to be amended to embed the changes as business as usual. Auditors were expecting to follow up on recommendations made in 2018/19 and revisit income</p>	See the Agreement of balances section for the new thresholds.

<sup>43</sup> DHSC, *Additional guidance version 3 (FAQ 13)*, March 2020

<sup>44</sup> NHSE&I, *Considerations for annual report and accounts 2019/20*, 22 April 2020

<sup>45</sup> HFMA, *Pre accounts planning conference slides provider session*, January 2020

<sup>46</sup> NHSE&I, *Updates to NHS accounts timetable and year-end arrangements – with provider annex*, amended 17 March 2020

Statement/ note <sup>26</sup>	Guidance	2019/20 issues (not Covid-19 related)	Covid-19 considerations
		<p>recognition in relation to research and development and new contracts.</p> <p><b>Injury costs recovery revenue</b></p> <p>The probability of non-recovery of injury costs recovery scheme income is 21.79%<sup>47</sup></p>	
<b>Operating expenses</b>	GAM 5.45		<p>Covid-19 specific expenditure will need to be identified for financial management purposes. If it is material in 2019/20, then it should be separately disclosed in the notes to the accounts:</p> <ul style="list-style-type: none"> <li>• purchase of healthcare from NHS and DHSC bodies</li> <li>• purchase of healthcare.</li> </ul>
<b>Agency staff costs</b>	FT ARM annex 3 to chapter 2	Accurate reporting of agency costs is necessary to assess provider's performance against the ceiling <sup>48</sup> .	Agency costs are likely to have increased as a result of Covid-19 but still need to be reported against the ceiling <sup>49</sup> .
<b>Employers' pension contribution paid by NHS England</b>		<p>During 2019/20, NHS employers have been paying an employer contribution of 14.38% to the NHS pension scheme. However, from 1 April 2019, the employers' pension contribution is actually 20.68%. The difference of 6.3% has been funded and paid to the NHS BSA centrally by NHS England.</p> <p>In NHS bodies' accounts, the full contribution must be recognised by all NHS employers. The fact that it is being paid by NHS England</p>	

<sup>47</sup> and DHSC, *DHSC GAM 2019/20 additional guidance v2 (FAQ2)*, 31 March 2020

<sup>48</sup> NHS Improvement, *NHS Oversight Framework for 2019/20*, August 2019

<sup>49</sup> NHSE&I, *Next steps on NHS response to COvid-19 financial arrangements*, 20 March 2020

Statement/ note <sup>26</sup>	Guidance	2019/20 issues (not Covid-19 related)	Covid-19 considerations
		<p>will be reflected in nominal income so the effect on the bottom line is neutral<sup>50</sup>.</p> <p><b>[added 22 April] NHSI has issued guidance on how this should be reflected in TAC09<sup>51</sup></b></p>	
<b>PDC dividend (providers only)</b>		<p>The PDC dividend policy has been updated to reflect terminology no longer relevant for grant accounting.</p>	<p>The PDC dividend policy has been updated to reflect the treatment of donated assets and asset purchased as a result of the Covid-19 pandemic<sup>52</sup>.</p> <p><b>[added 22 April] NHSE&amp;I has issued guidance on how the change to the PDC dividend policy should be reflected in the TAC forms<sup>53</sup>.</b></p>
<b>Statement of financial position</b>			
<b>Property, plant and equipment</b>	GAM 5.85 – 5.92	<p><b>Valuation methodology</b></p> <p>The impact of the change to the RICS guidance in January 2019 may impact on valuations at the end of March 2020. Any valuations for 2019/20 must be in accordance with the updated guidance. Where a valuation is not needed, NHS bodies should satisfy themselves that their non-current asset valuations are not materially misstated.</p>	<p><b>Valuation</b></p> <p>Covid-19 is impacting on the world economy and supply chains. Valuers will be taking the impact of the virus into account when preparing a valuation<sup>56</sup>.</p> <p><b>Valuation reports</b></p>

<sup>50</sup> NHSE&I, *Financial accounting and reporting updates - accounting for additional employer pension contributions 2019/20*, posted 28 January 2020 and NHS England, *Accounting for the central employer pension contributions (6.3%)* updated 2 March 2020 and DHSC, *DHSC GAM 2019/20 additional guidance v2 (FAQ6)*, 31 March 2020

<sup>51</sup> NHSE&I, *Updates to NHS accounts timetable and year-end arrangements – 2019/20 year end frequently asked questions*, added 22 April 2020

<sup>52</sup> DHSC, *DHSC GAM 2019/20 additional guidance v2 (FAQ4)*, 31 March 2020

<sup>53</sup> NHSE&I, *Updates to NHS accounts timetable and year-end arrangements – 2019/20 year end frequently asked questions*, added 22 April 2020

<sup>56</sup> RICS, *Valuation practice alert - coronavirus*, updated 2 April 2020

Statement/ note <sup>26</sup>	Guidance	2019/20 issues (not Covid-19 related)	Covid-19 considerations
		<p>There have been no major changes to RICS guidance this year although RICS are discussing material uncertainty<sup>54</sup> and what this means for their reports.</p> <p>‘Whilst it is implicit in the standards and guidance that where "material uncertainty" exists it should be flagged and a specific comment added, it is important from the point of valuation users that the term "material uncertainty" is expressly used as a signal in circumstances where VPS 3 Section 2.2(o) applies.’</p> <p>This may mean that there may be a reference to uncertainty in the valuers’ report</p> <p>The HFMA has issued a briefing<sup>55</sup> on valuation and accounting issues.</p> <p><b>Auditor focus</b></p> <p>The valuation of non-current assets is an area for audit improvement. This is partly because it is a material item on the balance sheet but also the valuation requires judgements and estimates as well as reliance on the work of experts. It is therefore a significant risk for auditors and will be an area of focus.</p>	<p>Visits by valuers in March 2020 will have been deferred which may impact on year end valuations<sup>57</sup>.</p> <p>Valuations due in March may have been impacted by the availability of qualified valuation staff to complete the report.</p> <p>In both cases, discussions will need to take place with valuers as well as auditors to ensure that the necessary evidence is available.</p> <p><b>[Added 22 April] RICS has issued guidance<sup>58</sup> to valuers highlighting the impact of Covid-19 on valuers that may result in valuers including reference to material uncertainty in their reports. NHSE&amp;I issued guidance to NHS bodies on:</b></p> <ul style="list-style-type: none"> <li>• <b>the actions they should take when valuation reports include these references<sup>59</sup></b></li> <li>• <b>suggested disclosures<sup>60</sup>.</b></li> </ul> <p><b>Impairment</b></p> <p>Consideration should be given to whether Covid-19 has had an impact on valuations that should trigger an impairment review.</p>

<sup>54</sup> RICS, *'Material uncertainty' in valuation*, 1 October 2019

<sup>55</sup> HFMA, *Property, plant and equipment: accounting and valuation issues*, December 2019

<sup>57</sup> RACS, *RICS' response to Covid-19 - guidance for professionals (Guidance on client visits and inspections)*, accessed 9 April 2020

<sup>58</sup> RICS, *Valuation practice alert - Covid-19*, updated 15 April

<sup>59</sup> NHSE&I, *Financial accounting and reporting updates - Impact of RICS valuation notice*, posted 8 April 2020

<sup>60</sup> NHSE&I, *Considerations for annual report and accounts 2019/20*, 22 April 2020

Statement/ note <sup>26</sup>	Guidance	2019/20 issues (not Covid-19 related)	Covid-19 considerations
			<p>This may particularly be the case for assets valued at fair value.</p> <p><b>Covid-19 capital assets</b></p> <p>Purchased and donated capital items will need to be identified and added to the asset register. These assets will have to be clearly identified as Covid-19 assets so that they can be excluded from the PDC dividend calculation - see <i>PDC dividend (providers only)</i>.</p> <p>The useful economic life should also be considered. Some assets will be only used during the crisis and may have a life of less than a year – these should be expensed. Other assets/ capital expenditure, such as adaptations to existing estate, may be kept after the crisis so their useful economic life will need to be determined using all of the usual considerations.</p> <p><b><i>[updated 22 April] NHSI have issued frequently asked questions that sets out how the funding of the purchase COvid-19 assets in 2019/20 should be disclosed<sup>61</sup></i></b></p> <p><b>Donated assets</b></p> <p>Members of the public and organisations are donating equipment to NHS bodies as they respond to the pandemic<sup>62</sup>. Whether</p>

<sup>61</sup> NHSE&I, *Updates to NHS accounts timetable and year-end arrangements – 2019/20 year end frequently asked questions*, added 22 April 2020

<sup>62</sup> HFMA, *Checklist for accepting gifts or donations*, April 2020

Statement/ note <sup>26</sup>	Guidance	2019/20 issues (not Covid-19 related)	Covid-19 considerations
			<p>or not these are being reported through the NHS charity, non-current assets being used by the NHS body must be included in the asset register as donated assets.</p> <p>As with Covid-19 assets, the useful economic life will need to be considered.</p>
<b>Intangible assets</b>	GAM 5.93 – 5.94		<p>NHS bodies may have had to invest in additional software licences to allow staff to work remotely. Where these meet the definition of an intangible asset, they should be clearly identified as Covid-19 related in the same way that non-current assets are.</p>
<b>Inventory</b>	GAM 5.98 – 5.99		<p><b>Type of inventory/ stock</b></p> <p>NHS providers are undertaking different work at the year-end due to the pandemic. Therefore, levels of stock of items needed to treat Covid-19 (for example, personal protective equipment and consumables for ventilators) will be much faster moving and may either be higher or non-existent at the year-end depending on deliveries. Other items of stock may not be required at all as elective work stops so may be held off-site or in a different location.</p> <p><b>Ownership of inventory/stock</b></p> <p>Items of high value inventory has been purchased by the specialised commissioners at NHS England for two years now but, as a result of the pandemic, there has been an increase in centralised purchasing. It is important that</p>

Statement/ note <sup>26</sup>	Guidance	2019/20 issues (not Covid-19 related)	Covid-19 considerations
			<p>NHS bodies agree who owns that inventory and, therefore, which balance sheet it will be reflected on<sup>63</sup>.</p> <p>Some inventory/ consumables will be moved to other NHS bodies as patients are seen remotely or in the community. Agreement on the value of the amount transferred and the ownership of this stock will be crucial.</p> <p>See Agreement of balances.</p> <p><b>Stock takes</b></p> <p>Usually, stock takes would be held in March. For some stocks and consumables there may be arrangements for more frequent counts where the items are moving fast. For other areas, inventory will not be required in the usual quantities and may have been stored elsewhere for the It is extremely unlikely that auditors will attend stock takes and this will be an area where auditors will have to consider alternative procedures<sup>64</sup>. <b><i>[updated 22 April 2020] Early discussions with auditors are essential understand the impact on the audit and whether mitigating actions are possible to avoid an impact on the audit opinion.</i></b></p> <p><b>Impairment</b></p>

<sup>63</sup> HFMA, *Centralised inventory procurement*, January 2018

<sup>64</sup> NHSE&I, *Updates to NHS accounts timetable and year-end arrangements – with provider annex*, amended 17 March 2020

Statement/ note <sup>26</sup>	Guidance	2019/20 issues (not Covid-19 related)	Covid-19 considerations
			As the focus of healthcare provision has moved to Covid-19 and elective work has been suspended, some inventory will no longer be needed. That inventory should be reviewed for impairment as it may not be useable once the pandemic is over.
<b>Receivables/ debtors</b>	GAM 5.100 – 5.102	See also <i>(Providers only) Revenue for injury cost recovery income collectability</i>	See also <i>Agreement of balances</i>
		<p><b>IFRS 9 Financial instruments</b></p> <p>The FRC has identified in their year-end letter a series of questions that organisations may want to consider when reviewing their disclosures. One relates to the collectability of receivables - 'do your accounts reflect the fact that the scope of the impairment requirements includes, for example, IFRS 15 contract assets, lease receivables and also applies to loans to subsidiaries and other undertakings in your individual parent company accounts?'</p> <p>As with IFRS 15, auditors were expecting to follow up on recommendations made in 2018/19 and revisit impairment of financial instruments. For NHS bodies, these are mainly receivables.</p>	<p><b>Partially completed patient spells (or work in progress)</b></p> <p>From 1 April 2020, all contracts are on a block basis. However, for 2019/20, contracts were not affected by Covid-19. So, there will be accruals for patients who are part way through their treatment at the year-end as well as for the maternity pathway. These amounts would therefore need to be shared with commissioners as part of the agreement of balances exercise.</p> <p>However, the accrual is likely to be a very different amount to prior year or to plan as elective care will have been reduced by 31 March 2020 as beds were cleared ahead of the Covid-19 patients being admitted.</p>
<b>Payables/ creditors</b>	GAM 5.107 -5.109	<p><b>Merging bodies</b></p> <p>Where NHS bodies are merging, it is important to ensure that balances are agreed with the right NHS body.</p>	<p><b>Cancelled contracts</b></p> <p>Consideration should be given to any unusual liabilities that may arise from the beginning of March 2020<sup>67</sup> because the</p>

<sup>67</sup> For some NHS bodies, this could be from the end of January 2020 when the first potential Covid-19 patients were repatriated from China. Organisations will need to be

Statement/ note <sup>26</sup>	Guidance	2019/20 issues (not Covid-19 related)	Covid-19 considerations
		<p>A number of provider bodies merged mid-year so it is important to ensure that balances are agreed with the right organisation<sup>65</sup>.</p> <p>On 1 April, 74 CCGs merged into 18 new CCGs<sup>66</sup> as well as a number of provider bodies – it will be important to agree the balances with the right organisation to ensure that the opening balances for the newly merged body is correct.</p>	<p>NHS has not been working on a business as usual basis. For example, some contracts may have been terminated as a result of the pandemic and there may be termination clauses that trigger liabilities for the NHS bodies.</p>
Provisions	GAM 5.108 – 5.123	<p><b>Discount rates</b></p> <p>The discount rates for 2019/20 were published by the DHSC in December 2019<sup>68</sup>. Note, the rates for short-term and medium-term provisions will have an adverse effect on the financial position of the organisation.</p> <p><b>Clinical pension tax reimbursement</b></p> <p>Clinicians who are members of the NHS Pension Scheme and face an annual allowance tax charge for work undertaken in 2019/20 can elect to have this charge paid by the NHS Pension Scheme<sup>69</sup>. If this is the case, then employing trust will have a liability to make a payment to that clinician when they retire. Where possible under IAS 37 <i>Provisions, contingent liabilities and contingent assets</i>, a provision will have to be established. The TAC forms have an</p>	<p><b>Untaken holiday</b></p> <p>NHS bodies are required to establish a provision for untaken holiday at the year-end. The example accounting policies in the GAM state:</p> <p>‘The cost of leave earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period.’</p> <p>Usually, there is a limit on the amount of holiday that staff can carry forward. However, due to the pandemic, annual leave in March 2020 has probably been cancelled and the arrangements for carrying forward leave have been relaxed.</p>

<sup>65</sup> NHS Digital, *Organisation changes*, accessed 9 April 2020

<sup>66</sup> NHS Digital, *Changes to organisation reference data: sustainability and transformation partnerships reconfiguration*, accessed 9 April 2020 and NHSE&I, *Financial accounting and reporting updates - list of CCG mergers*, posted 25 February 2020

<sup>68</sup> DHSC, *DHSC GAM 2019/20 additional guidance v2 (FAQ1)*, 31 December 2019

<sup>69</sup> NHS England, *Pensions tax annual allowance*, updated 11 March 2020

Statement/ note <sup>26</sup>	Guidance	2019/20 issues (not Covid-19 related)	Covid-19 considerations
		<p>additional column to allow for these provisions to be separately disclosed<sup>70</sup>.  <b>[Update 15 April] NHSE&amp;I has issued guidance on how the provision should be calculated<sup>71</sup>.</b></p> <p><b>Holiday pay/ overtime</b></p> <p>There are a number of employment tribunals in relation to whether, and which type of, overtime should be included when calculating holiday pay. Some NHS bodies may need to establish provisions for these claims<sup>72</sup></p> <p><b>Final pay controls</b></p> <p>NHS bodies may be liable for pension costs where a staff member retires and has had a significant increase to their pensionable pay in the last three years that they worked for the organisation before retirement. Invoices for 2019/20 may not have been received by the time the accounts are finalised so an accrual may be required<sup>73</sup>.</p> <p><b>Provision vs accruals</b></p> <p>From the DHSC's perspective, it is important that accruals and provisions are properly classified as they have a different impact on the revenue departmental resource limit (RDEL)<sup>74</sup>.</p>	<p>Therefore, this provision may need to be revisited in the light of Covid-19.</p> <p>See also <i>Payables/ creditors</i> in relation to cancelled contracts.</p>

<sup>70</sup> NHSE&I, *TAC completion instructions*, 24 March 2020

<sup>71</sup> NHSE&I, *2019/20 Pension tax: trust accounting provision for 2019/20*, 11 April 2020

<sup>72</sup> HFMA, *Holiday pay and overtime – accounting and governance issues*, February 2020

<sup>73</sup> HFMA, *Final pay controls - accounting and governance issues*, November 2019

<sup>74</sup> HFMA, *2019/20 year-end reminders: issues raised at the pre accounts planning conferences*, February 2020

Statement/ note <sup>26</sup>	Guidance	2019/20 issues (not Covid-19 related)	Covid-19 considerations
		<b>Judgements and estimates</b> See also <i>Key sources of judgement and estimation uncertainty</i> .	
<b>Financial liabilities</b>	GAM 5.95 – 5.97	See also <i>Receivables/ debtors</i> for the IFRS 9 impact	<b>[Added 9 April 2020] See also Events after the reporting period in relation to the changes to the new NHS cash regime announcement.</b>  <b>[Update 22 April 2020] NHSE&amp;I has issued template disclosures where the movement of the loans that will be replaced by PDC in 2020/21 from non-current to current will distort the appearance of the statement of financial position<sup>75</sup> and guidance on which loans will be converted to PDC<sup>76</sup>.</b>
<b>Statement of cash flows</b>			
<b>Reconciliation of liabilities arising from financial activities</b>		(Providers only) Note 29: reconciliation of liabilities arising from financing activities caused problems in 2018/19 <sup>77</sup> .	
<b>Other notes</b>			
<b>Pooled budgets</b>	GAM 5.136 – 5.137		Pooled budgets may have been used to make payments to local authorities in order to facilitate the early discharge patients. While it is unlikely that the memorandum accounts will be complete

<sup>75</sup> NHSE&I, *Considerations for annual report and accounts 2019/20*, 22 April 2020

<sup>76</sup> NHSE&I, *Updates to NHS accounts timetable and year-end arrangements – 2019/20 year end frequently asked questions*, added 22 April 2020

<sup>77</sup> HFMA, *Pre accounts planning conference slides – provider session slide 29*, January 2020

Statement/ note <sup>26</sup>	Guidance	2019/20 issues (not Covid-19 related)	Covid-19 considerations
			prior to the finalisation of the NHS accounts, it will be important that additional payments have been agreed with local authorities and are appropriately documented.
<b>Better payment practice code/ late payment of commercial debts (interest) Act 1998/ compliance with public contract regulations 2015</b>	GAM 5.138 – 5.152	Meeting the target of paying valid invoices within 30 days has always been a challenge for provider bodies with working capital issues. Performance against this target can be the subject of external scrutiny.	To try to mitigate the impact of Covid-19 on the economy, the government has asked all public bodies (including NHS bodies) to pay suppliers within 7 days <sup>78</sup> . This is unlikely to impact on the 2019/20 performance but will be an issue for 2020/21.
<b>Capital and other commitments</b>	GAM 5.153 -5.154		As the pandemic was declared in mid-March, there may be capital commitments as a result of Covid-19 that have not progressed sufficiently to be liabilities but that have committed the NHS body to making a purchase.
<b>Related party transactions</b>	GAM 5.184- 5.188		<p>The pandemic means that organisations are working together that have not previously had a relationship. Where these are bodies within the NHS group, they will be related parties.</p> <p>For example, this could be the case where NHS bodies are supplying staff or goods to Nightingale hospitals where they would not normally have material transactions with the lead provider body.</p>

<sup>78</sup> Cabinet Office, *Procurement Policy Note 02/20: Supplier relief due to COVID-19*, March 2020

Statement/ note <sup>26</sup>	Guidance	2019/20 issues (not Covid-19 related)	Covid-19 considerations
Losses and special payments	GAM 5.189 -		See also <i>Payables/ creditors</i> in relation to cancelled contracts. These may also need to be reported in the losses and special payments register
Gifts	GAM 5.196 MPM		NHS bodies are required to disclose gifts that they make over £300,000. There is no requirement to disclose gifts received. However, if gifts are material, consideration should be given to whether a narrative disclosure would be necessary.
Consolidation			NHS bodies and NHS charities have seen an increase in gifts and donations. For those NHS charities with a corporate trustee, this may mean that the charity is material to the overall group and therefore should be consolidated <sup>79</sup> .

## Other

Section	Reference	Pre-Covid-19 2019/20 issues	Covid-19 considerations
Third party information and assurance			NHS bodies' annual report and accounts include information provided by third parties or experts – for example, pooled budget information, sickness absence data, Greenbury pensions information, co-commissioning transactions and non-current asset valuations. Usually, this information is backed by ISQE 3402 assurance reports provided by one of the main accountancy firms.

<sup>79</sup> HFMA, *Guidance on the consolidation of NHS charities*, January 2014

Section	Reference	Pre-Covid-19 2019/20 issues	Covid-19 considerations
			The organisations providing this information and the assurance will also be affected by the pandemic so these reports may not be available on time.
<b>Submission</b>			(Providers) NHSE&I no longer require hard copies of the annual report and accounts <sup>80</sup> .  <b><i>[updated 8 June 2020] NHSE&amp;I have set out the documents that need to be submitted on 25 June, who they need to be signed by and the electronic form that they need to be submitted in<sup>81</sup>.</i></b>
<b>Publication and the annual general meeting</b>			The annual report and accounts must be published but it does not need to be typeset and printed. While the preparation of the annual report and accounts is usually an opportunity to prepare a ‘glossy’ document including photographs to share with patients, users and staff; it can simply be a pdf version of a word document and excel workbook. Consideration should be given to how the necessary information can be produced in the most straight forward way possible for 2019/20.  NHS bodies are required to hold an annual general meeting <sup>82</sup> by 30 September following the year-end. Most of these are held during the summer months. The guidance issued by NHSE&I covers

<sup>80</sup> NHSE&I, *Updates to NHS accounts timetable and year-end arrangements – with provider annex*, amended 17 March 2020

<sup>81</sup> NHSS&I, *Submission checklist for providers*, published 5 June 2020

<sup>82</sup> For NHS trusts, paragraph 12 of Schedule 4 of the NHS Act 2006 states that the AGM will be held at such time as shall be prescribed

Section	Reference	Pre-Covid-19 2019/20 issues	Covid-19 considerations
			<p>the period 1 April to 31 July 2020 so it may be that AGMs can be held as normal. However, if this period becomes longer, alternative arrangements may need to be made. Clearly, this is not a critical issue at the moment but must not be forgotten in the current difficult circumstances.</p> <p><b><i>[added 28 May 2020] The DHSC has updated its guidance<sup>83</sup> on laying the 2019/20 annual report and accounts before Parliament – this is applicable to NHS foundation trusts and ALBs. It reflects the amended deadlines and guidance for 2019/20 that take into account the impact of Covid-19.</i></b></p> <p><b><i>[updated 8 June 2020] NHSE&amp;I has updated its timetable letter<sup>84</sup> to reflect the options for NHS foundation trusts to lay their annual report and accounts before Parliament:</i></b></p> <p><b><i>Option 1 for those who are ready to lay before 1 July 2020</i></b></p> <p><b><i>Option 2 for the rest who will need to be ready to lay by 21 August 2020 – NHSE&amp;I will confirm nearer that date whether this should follow the e-laying guidance.</i></b></p> <p><b><i>All foundation trusts must submit their full annual report and account to NHSE&amp;I by 21 September.</i></b></p>

<sup>83</sup> DHSC, *DHSC guidance on laying accounts in Parliament*, 22 May 2020

<sup>84</sup> NHSE&I, *Updates to NHS accounts timetable and year-end arrangements – with provider annex*, amended 5 June 2020

Section	Reference	Pre-Covid-19 2019/20 issues	Covid-19 considerations
			<i>All NHS trusts must publish their annual report and accounts by 21 September.</i>

## About the HFMA

The Healthcare Financial Management Association (HFMA) is the professional body for finance staff in healthcare. For nearly 70 years, it has provided independent and objective advice to its members and the wider healthcare community. It is a charitable organisation that promotes best practice and innovation in financial management and governance across the UK health economy through its local and national networks.

The association also analyses and responds to national policy and aims to exert influence in shaping the wider healthcare agenda. It has particular interest in promoting the highest professional standards in financial management and governance and is keen to work with other organisations to promote approaches that really are 'fit for purpose' and effective.

The HFMA offers a range of qualifications in healthcare business and finance at undergraduate and postgraduate level and can provide a route to an MBA in healthcare finance. The qualifications are delivered through HFMA's Academy which was launched in 2017 and has already established strong learner and alumni networks.

© Healthcare Financial Management Association 2020. All rights reserved.

While every care had been taken in the preparation of this briefing, the HFMA cannot in any circumstances accept responsibility for errors or omissions, and is not responsible for any loss occasioned to any person or organisation acting or refraining from action as a result of any material in it.

### HFMA

1 Temple Way, Bristol BS2 0BU

T 0117 929 4789

E [info@hfma.org.uk](mailto:info@hfma.org.uk)

Healthcare Financial Management Association (HFMA) is a registered charity in England and Wales, no 1114463 and Scotland, no SCO41994.

HFMA is also a limited company registered in England and Wales, no 5787972. Registered office: 110 Rochester Row, Victoria, London SW1P 1JP

[www.hfma.org.uk](http://www.hfma.org.uk)