



Preparing an NHS Body's Annual Report and Accounts

Second Edition

shaping healthcare finance...

Practical
Guide

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The NHS is always changing and developing – this edition reflects the structures and processes in place in January 2016. We are keen to obtain feedback on ways in which the content, style and layout can be improved to better meet the needs of its users. Please forward your comments to info@hfma.org.uk or to the address above.

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Foreword

This guide is written to assist all of those who are part of the team preparing an NHS body's annual report and accounts. This is not intended to be simply the finance team preparing the accounts but also those who are involved in the preparation of the annual report such as the governing body secretary and the communications team. It will also be useful for members of the audit committee and others who have a role to play in determining the content of and reviewing the annual report and accounts.

It is not intended to provide detailed accounting or reporting advice as that is available elsewhere. Instead, it looks at the overall process and provides a point of reference for where appropriate guidance can be found. It offers practical guidance about the preparation process and key issues to consider. It also provides questions for the team to consider as they are preparing the annual report and accounts.

In writing this guide we have considered the guidance available to NHS bodies and we refer to the guidance issued for the preparation of the 2015/16 annual report and accounts. However, the guide is written with the intention that it will be useful for periods following this year. We have consulted with those who are experienced in preparing annual report and accounts and have reviewed the submissions made to the HFMA's accounts team of the year award. We hope you find the guide useful.



David Bacon

Chair of the HFMA Accounting and Standards Committee

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Chapter 1

Reporting Requirements

All NHS bodies are required to prepare an annual report and accounts. This is not something each body does in isolation so this chapter looks at the role of the many bodies and individuals who play a part in its preparation.

All NHS bodies have a statutory requirement to produce an annual report and accounts each financial year as a single document. In this guide, 'all NHS bodies' means clinical commissioning groups (CCGs), NHS England, NHS trusts and NHS foundation trusts ('foundation trusts').

The financial year runs from 1 April to 31 March and the annual report and accounts must be prepared and audited by the date determined by the Department of Health (the Department).

All NHS bodies have to publish their annual report and accounts and present them at a public meeting. It is considered best practice for this meeting to be held by 30 September following the financial year-end.

Most NHS bodies publish their annual report and accounts in pdf format on their websites and no longer produce printed copies unless they are specifically requested. In order to engage with stakeholders, some NHS bodies produce a summary report or are using YouTube videos. This guidance only considers the full annual report and accounts rather than the wider communications/ engagement exercise.

NHS England, Monitor and the Department (together known as the consolidating bodies) also have to produce consolidated annual reports and accounts for each financial year. These consolidated statements are prepared using the same information that is included in CCG, foundation trust and NHS trust annual reports and accounts.

Therefore, alongside the published annual report and accounts all NHS bodies must also prepare a 'consolidation pack' for submission to the appropriate consolidating body. The timetable for producing this information is set annually but usually requires audited information to be submitted by the end of May/early June. This means that NHS bodies have about 15 working days to prepare their draft annual report and accounts.

Whilst it may not always seem to be the case, producing the annual report and accounts is not a one-off year end exercise, but the conclusion of a 12 month reporting process. The annual report and accounts should be consistent with the financial and governance information presented to the governing body and audit committee throughout the year; there should be no surprises!

One of the features of good financial governance is regular and comprehensive reporting throughout the year. It is best practice for the preparation of the annual report and accounts to simply be an extension of each month end's reporting process. The best practice set out in this guide can be applied to month end reporting.

1.1 Key players

The table below identifies the key players in the process for producing the final accounts and the way in which each contribute.

Chapter 2

Timetabling

A key output of the planning process is the production of a timetable. This chapter considers how to develop a detailed timetable which will support the timely production of a high quality annual report and accounts.

2.1 Objectives of planning and timetabling

The objectives of planning and timetabling are the:

- Smooth production and timely submission of good quality, accurate annual report and accounts and consolidation information which tells the story of the NHS body's year
- Provision of good management information for use in assessing internal performance and benchmarking with other NHS bodies.

The way to achieve these objectives is to be clear from the outset about how the task is going to be carried out and who is going to do what. Once this has been decided, responsibilities and time-scales must be identified and documented. These have to be communicated to, agreed by and understood by all relevant staff.

The result of good planning should be a smooth process. Whilst it is impossible to completely eliminate the risk of crises, the approach outlined in this guide is designed to help minimise the likelihood of problems arising and their impact. Early identification of requirements and staff awareness should mean that an NHS body has the flexibility to cope and meet the above objectives.

2.2 The NHS wide timetable

All NHS bodies have a year-end of 31 March. The overall timetable for the preparation of each body's annual report and accounts is determined by the Department with input from Monitor and NHS England. The deadlines are set so that the audited consolidated annual report and accounts for the NHS as a whole can be published before the Parliamentary summer recess (in July).

2.3 A single timetable for preparing the annual report and accounts

Each individual NHS body has to prepare its own timetable for the preparation of its annual report and accounts. Historically, there has been a tendency in the NHS to consider the annual report and accounts as two separate documents and it was only relatively recently that there was a single deadline for the whole publication¹.

Although the two halves of the document are usually prepared by different teams, it is a single document which should coherently tell the story of the NHS body's year in words and numbers.

Traditionally, the finance department has prepared its own timetable for the preparation of the accounts to meet submission requirements. However, the whole document needs to be complete by the submission deadline so it is vitally important that a single timetable is developed with the team preparing the annual report so that the deadlines can be met.

As an illustration, some of the key dates for 2015/16 are set out below². These dates will be updated annually but it is unlikely that the timetable will change much in future years as this timetable has allowed the Department and other consolidating bodies to meet the Parliamentary recess deadline in 2012/13, 2013/14 and 2014/15.

¹ Auditors will require the text of the annual report to be complete before they sign their report. CCGs and foundation trusts are required to submit their annual reports to the appropriate regulator along with their final accounts. Only formatting changes can be made to the annual report and accounts once the auditor has signed their report.

² The high level timetable for 2015/16 is available from www.info.doh.gov.uk/doh/finman_nsf/4db79df91d978b6c00256728004f9d6b/baff9547ddb41be580257ecb00579403?OpenDocument

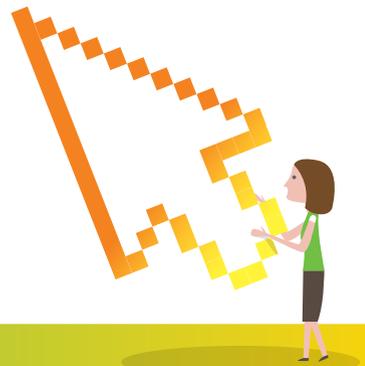


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