HFMA briefing
February 2020

2019/20 year-end reminders for non-executive directors and lay members

This paper is intended to provide non-executive directors and lay members with key reminders as they review their 2019/20 annual report and accounts. Potential issues and issues arising should be brought to the attention of the audit committee throughout the year and discussed as early as possible. This paper briefly sets out the main issues to be aware of for 2019/20 as well how these may be considered by non-executive directors and lay-members. Further details on issues is included the 2019/20 year-end reminders for finance staff.[1]

This briefing paper has been written following the pre-accounts planning conferences held in January 2020. It may be updated as the issues develop over the year-end period. A glossary of key terms is included in appendix 2.

2019/20 accounts

All NHS bodies are required to prepare their annual report and accounts in accordance with the *Group accounting manual 2019/20*[2] (GAM) issued by the Department of Health and Social Care (DHSC). The only exception is that foundation trusts prepare their annual report in accordance with the *Foundation trust annual reporting manual 2019/20*[3] (FT ARM) published by NHS Improvement rather than chapter 3 of the GAM.

[1] HFMA, *2019/20 year-end reminders: issues raised at the pre accounts planning conferences*, February 2020
[2] DHSC, *Group accounting manual 2020/21*, December 2019
[3] NHS Improvement, *Foundation trust annual reporting manual*, December 2019

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IFRS 16 leases

Although IFRS 16 does not come into force in the NHS until 2020/21, it is likely to be a key issue in the preparation and audit of the 2019/20 annual report and accounts. The HFMA has prepared a detailed briefing on its practical implementation[4] as well as a briefing aimed at non-finance staff[5].

There are three current issues to note arising from IFRS16:

- **Standards issued not yet adopted**: IAS 8 requires disclosures in relation to standards that have been issued but have not yet been adopted. In the 2019/20 accounts this disclosure will cover IFRS 16 *Leases* and IFRS 17 *Insurance contracts.* In the case of IFRS 16, there will be more to disclose about the impact of the new accounting standard than usual because of the work that has already been done to assess its impact. Although IFRS 16 is not applicable until 2020/21, Appendix 1 to this briefing summarises the disclosures that need to be made **in relation to IFRS 16** and some examples made by organisations that have already adopted the standard.
- **Operating and finance lease disclosures in the 2019/20 accounts**: Leases disclosed in the operating and finance lease notes in the 2019/20 accounts will be the leases that form the opening balances for the transition to IFRS 16 on 1 April 2020. These disclosures may need to be amended as a result of the implementation work done so far.
- **Budgetary impact of IFRS 16**: The returns that NHS bodies make during 2020 to NHS England and Improvement will be used by the Department of Health and Social Care (DHSC) as the basis for discussions with HM Treasury about the budgetary coverage that will be needed to as a result of the change in accounting policy. It is therefore important that these returns are as accurate as possible.

Guidance for NHS bodies in relation to IFRS 16 is collated on a designated webpage on NHS Improvement's website[6]. This page contains guidance and information produced by the DHSC, NHS Improvement and NHS England and is regularly updated as progress is made with the application of the standard.

To consider:

How have finance teams ensured they have a good understanding of the impact of IFRS16? For example, are they up to date with the latest guidance issued on the dedicated webpage?

Are disclosures for 2019/20 in line with requirements?

Has there been a robust assessment of contracts under the current accounting standards?

Are arrangements in place to review leases in line with IFRS 16?

Are arrangements in place to ensure accurate and timely IFRS 16 returns to NHS England and NHS Improvement?

IFRS 9 *financial instruments* and IFRS 15 *revenue from contracts with customers*

IFRS 9 and IFRS 15 were accounting standards first applied in the NHS in 2018/19. The general consensus was that the application of the standards in 2018/19 was done as a year-end exercise rather than being embedded into financial processes[7]. It is likely that auditors made recommendations relating to the implementation of these standards in 2018/19 and will therefore want to follow up on progress with addressing their recommendations. This is particularly the case where new, significant or material contracts and arrangements have been entered into in 2019/20.

[4] HFMA, *IFRS 16 leases: practical application*, February 2020
[5] HFMA, *Accounting for leases: why it affects you,* November 2019
[6] NHS Improvement, *Financial accounting updates — International Financial Reporting Standard 16 Leases implementation*
[7] HM Treasury, *Post implementation review of IFRS 9 and IFRS 15*, January 2020

The Financial Reporting Council (FRC) have identified in their year-end letter a series of questions that organisations may want to consider when reviewing their disclosures:

In relation to IFRS 9:

- does the description of your business model adequately explain and support the hold to collect model?
- have you removed all old IAS 39 terminology from your disclosures?
- 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?
- if relevant, do you explain why the impact of IFRS 9 is not material, particularly where significant financial instruments are recognised in the accounts.

In relation to IFRS 15:

- do your accounting policies identify the specific nature of your performance obligations and explain the point at which they are satisfied?
- does your policy description clearly set out when revenue is recognised in respect of all material revenue streams?
- have you focused your disclosure on the specific judgements you have made which have a significant impact on the amount or timing of revenue recognition?
- have you quantified estimation uncertainties relating to revenue and, where helpful, provided sensitivities or ranges of outcomes?
- have you explained significant movements in contract assets and liabilities?

To consider:

Have any audit recommendations relating to the implementation of IFR9 and 15 been implemented?

Have finance teams addressed the specific questions raised by the FRC on IFRS 9 and 15?

Discount rates for 2019/20

The discount rates for provisions have been published by the DHSC in FAQ1 in the year-end additional guidance[8]. It is expected that the provisions discount rate will have a cost impact on NHS bodies so this will need to be assessed and managed as soon as possible.

To consider:

Has the cost impact of the published discount rate for provisions been assessed and managed?

Employer contributions to the NHS pension scheme

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 20.68%. The difference of 6.3% has been funded and paid to the NHS BSA centrally by NHS England.

In NHS bodies' accounts, the full contribution must be recognised by all NHS employers. The fact that it is being paid by NHS England will be reflected in nominal income so the effect on the bottom line is neutral. The amount that should be reflected as income and expenditure will be calculated by NHS England and Improvement and NHS bodies are expected to use the figures provided by the regulatory bodies. However, they need to put in place arrangements to review these amounts for

[8] DHSC, *Group accounting manual additional guidance version 1*, December 2019

reasonableness, particularly where changes of circumstances mean that the extrapolation of the full year impact based on month 9 or 10 will not be materially correct.

To consider:

Have the income and expenditure figures provided nationally for inclusion relating the contributions to the NHS pension scheme been reviewed to ensure they are materially correct?

Provider sustainability fund (PSF)/ commissioner sustainability fund (CSF)

The arrangements for the distribution of PSF and marginal rate emergency tariff (MRET) for providers and CSF for commissioners is expected to be similar to last year. This includes the transition from PSF to the use of the Financial Recovery Fund (FRF) in 2019/20.

For providers, the key change is the treatment of gains on asset disposal which will no longer count towards meeting control totals. For providers, it is vital that the key data return is submitted on time (midday Friday 17 April) and that movements between this data return and the draft accounts submission are minimal.

To consider:

Has ongoing financial monitoring been undertaken to assess the expected level of PSF/CSF?

For providers, are arrangements in place to submit accurate PSF returns by 17 April 2020?

Brexit

The UK left the EU on 31 January 2020. However, the transitional period will not end until the end of December 2020. While no specific disclosures are required in relation to Brexit, the uncertainties that NHS bodies face should be disclosed in the accounts in the same way as any other operational risks. These may include the impact that EU exit is expected to have in relation to workforce, estimates and judgements and potentially as part of a going concern assessment.

Disclosures need to be factual and relate to the work that NHS bodies have done and the assumptions they have made so that the annual report and accounts meet the requirements of the DHSC's *Group accounting manual 2019/20*[9] (GAM) and the foundation trust *Annual reporting manual 2019/20*[10] (FT ARM).

To consider:

Has the impact of Brexit on uncertainties been considered and, if appropriate, disclosed in the accounts?

Valuation of non-current assets

The Royal Institute of Chartered Surveyors clarified its guidance on the valuation of non-current assets (mainly property assets) in January 2019. This may impact on valuations at the end of March 2020. Where NHS bodies are getting a new valuation, it is important to ensure that the updated guidance is being followed. Where a valuation is not needed, NHS bodies should satisfy themselves that their non-current asset valuations are not materially misstated. The HFMA has issued a briefing on valuation and accounting issues[11].

There have been no major changes to RICS guidance this year although RICS are discussing material uncertainty[12] and what this means for their reports. This may lead to a reference to uncertainty in the valuers' report.

[9] DHSC, *Group accounting manual 2019/20*, December 2019
[10] NHS Improvement, *Foundation trust annual reporting manual 2019/20*, January 2020
[11] HFMA, *Property, plant and equipment: accounting and valuation issues*, December 2019
[12] RICS, *Material uncertainty in valuation*, October 2019

To consider:

If a new valuation has been obtained, how has the NHS body satisfied itself that updated valuation guidance is being followed?

If a new valuation is not needed, how has the NHS body satisfied itself that non- current asset valuations are not materially misstated?

Practical and general reporting issues

Submission

The DHSC is only able to lay its consolidated annual report and accounts before Parliament ahead of recess because they use the draft accounts submissions to prepare their own draft accounts, which are then audited. Any changes between draft and final submission make that consolidation and audit more difficult and jeopardise the publication deadline. It is vital that the draft accounts are as accurate as possible and that any possible changes between draft and final are discussed with NHS Improvement or NHS England as early as possible.

All NHS providers and commissioners are responsible for submitting their summarisation schedules to the consolidating bodies. Auditors are responsible for submitting summarisation schedules to the NAO. It is vital that the same version is submitted to the consolidating body and the NAO – each year differences are found which take time and resource to resolve.

In 2018/19, there were a number of late accounts that made the various consolidations that inform the DHSC group consolidation more difficult. Both NHS bodies and their auditors are under pressure to complete their work to a high standard within that timescale. The HFMA has produced a briefing[13] on best practice when working with auditors that may be useful when planning the year-end process.

To consider:

Are arrangements in place to ensure draft annual report and accounts submitted for audit are as accurate as possible?

Has a plan been agreed for audit to meet the submission timetable?

Are quality review arrangements in place to ensure the summarisation schedule submission by NHS bodies and auditors are consistent?

Financial position and going concern

The financial position of the NHS remains stretched, causing pressure on NHS boards and finance professionals to achieve particular financial results. Receipt of PSF, CSF and FRF monies is dependent on remaining within control totals. This may mean that relatively small changes in judgements and estimates may become material or may be subject to auditor scrutiny. Such judgements and estimates need to be documented, supported by appropriate evidence and agreed at a senior level.

IAS 1 *Presentation of financial statements* requires the disclosure of those judgments which have the most significant effect on the amounts included in the accounts and the sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the accounts in the next financial year. The disclosure should therefore focus on material and significant judgments and estimates and should provide enough detail for the reader of the accounts to understand why they are critical and what impact they could have on the financial position of the reporting body. For NHS bodies, this disclosure may include some discussion of the decisions made around:

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[13] HFMA, *The external audit: best practice in working well together,* February 2020

- the valuation of non-current assets and their useful economic lives
- the identification of leases and their likely impact on 2020/21 when IFRS 16 is adopted
- income recognition under IFRS 15
- the establishment of provisions and accruals
- EU exit
- PSF/CSF funding receivable.

Due to the HM Treasury reporting requirements, NHS bodies are highly unlikely to prepare their accounts on any basis other than going concern. However, material uncertainties around the financial position must be disclosed in the financial statements[14]. It is management's responsibility to consider going concern and, in particular, any significant uncertainties.

To consider:

Has clear documentation of judgements and estimates made by management, including an assessment of going concern been presented to the audit committee during the year and have these been understood and robustly challenged?

Has management prepared a report considering any significant uncertainties relating to its going concern status?

Agreement of balances

There have been no major changes to the guidance for 2019/20. Generally, the results of the agreement of balances exercise have been improving in recent years. However, it remains a material risk for the DHSC and the guidance should be re-read each year. The guidance reflects the organisational changes to NHS England and how the changes in relation to PSF, FRF and MRET affect agreement of balances.

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.

To consider:

Are there clear agreement of balances processes in place?

Are there any significant non-agreed balances and if so why?

Provisions vs accruals

For NHS bodies, the decision whether a liability is a provision or an accrual does not make any difference to the bottom line and is largely presentational. However, for NHS England and the DHSC, the difference between a provision and an accrual makes a difference to their position against their financial targets. The financial position of the DHSC group means that auditors take an interest in the classification of accruals and provisions.

In 2019/20, NHS bodies should particularly consider whether provisions are required in relation to:

- the various employment tribunals looking at the calculation of holiday pay, in particular, the treatment of overtime payments[15]
- final pay control payments in relation to increases in salary in the three years before a staff member retires[16].

[14] HFMA, *Going concern - Assessment and reporting requirements in difficult times*, October 2019
[15] HFMA, *Holiday pay and overtime – accounting and governance issues*, February 2020
[16] HFMA, *Final pay controls – accounting and governance issues*, November 2019

To consider:

Are processes in place to ensure that provisions and accruals are appropriately classified?

Has the organisation considered whether any provisions are required for employment tribunals and final pay control payments?

Fraud/ losses and special payments

The DHSC has a material risk in relation to fraud. The NAO is therefore asking auditors to consider the completeness of losses and special payments disclosures by NHS bodies. In particular, auditors will consider whether the disclosure of losses and special payments has been reconciled to the local counter fraud report. The two will not be the same as there are timing differences in the issues reported but these will form the reconciling items.

To consider:

How has the completeness of losses and special payment disclosures been considered?

Has the losses and special payments disclosure note been reconciled to the local counter fraud report and any other relevant information?

2019/20 annual reports

In relation to the annual report, foundation trusts continue to follow the FT ARM. All other NHS bodies comply with chapter 3 of the GAM.

There are some minor changes to the detail for all NHS bodies – it is important that the teams that are preparing the annual report are given, and comply with, the appropriate guidance. Key items to note include:

- **Annual governance statement:** NHS bodies are reminded that they need to include a conclusion which lists significant internal control issues or states that there are none. Control issues are not the same as listing the risks that the NHS body is facing.
- **Staff and remuneration report:** The deadline for submitting requests for senior managers' pensions information is 28 February 2020. In the majority of cases the pay figures provided will be estimated. The December pensions newsletter[17] confirmed that revised calculations once final pay figures are known will not be provided. Changes to the NHS Business Services Authority (NHSBSA) guidance include: a reference to GDPR; a change in the inflation rate to 2.4% (3% last year); and a change to the method used to calculate CETVs to remove the adjustment for guaranteed minimum pension.
- **Annual audit letters:** The Code of Audit Practice places a requirement on all CCG and NHS Trust auditors to issue an annual audit letter (AAL). An annual audit letter is intended to be a public document, and CCGs and NHS Trusts must ensure the document is made available to members of the public free of charge. DHSC expects publication on the individual CCG / NHS Trust website to be the easiest way to ensure the annual audit letter is made available. In 2018/19 a number of AALs were not published on NHS body websites.

Also, ISA (UK) 580 requires auditors to request written representations from management with appropriate responsibilities and knowledge of the matters concerned before their report is issued. Non-executive directors and lay members should ensure that this is appropriately considered.

[17] NHS Business Services Authority, *NHS pensions update*, December 2019

To consider:

Does the annual governance statement include significant internal control issues and are these in line with discussions had throughout the year?

Do senior managers' pensions disclosures reflect updated guidance to NHSBSA and has the impact of any estimates been considered?

Has the 2018/19 annual audit letter for NHS Trusts and CCGs been published on the website and are arrangements in place to publish for 2019/20 in a timely manner?

Has a letter of representation been prepared setting out managements' responsibilities and key judgements?

Appendix 1: examples of standards that are not yet effective disclosures

IAS 8 requires that the impact of accounting standards that have been issued but that are not yet effective is disclosed.

Paragraphs 30 and 31 of IAS 8 state:

> 31 When an entity has not applied a new IFRS that has been issued but is not yet effective, the entity shall disclose:
>
> a) this fact; and
>
> b) known or reasonably estimable information relevant to assessing the possible impact that application of the new IFRS will have on the entity's financial statements in the period of initial application.'
>
> 32 In complying with paragraph 30, an entity considers disclosing:
>
> a) the title of the new IFRS;
>
> b) the nature of the impending change or changes in accounting policy;
>
> c) the date by which application of the IFRS is required;
>
> d) the date as at which it plans to apply the IFRS initially; and
>
> e) either:
>
> i) a discussion of the impact that initial application of the IFRS is expected to have on the entity's financial statements; or
>
> ii) if that impact is not known or reasonably estimable, a statement to that effect.

Usually, this disclosure is relatively limited either because it is expected that the standard will not have a material impact on the accounts when it is adopted or because there has not been sufficient work done to make an assessment of its expected impact.

For IFRS 16, this is not the case. By the time that the 2019/20 accounts are prepared, NHS bodies will have already made two submissions to NHS England and NHS improvement so this information will be a starting point to make the appropriate disclosure.

IAS 8 requires the following disclosures:

- the name of the standard
- the date that it is effective
- a summary of what it means in practice
- a summary of the impact of the standard

1.36 Changes to accounting standards not yet effective

IFRS 16 *Leases*

IFRS 16 *Leases* supersedes IAS 17 *Leases* and is effective for periods beginning on or after 1 January 2019. IFRS 16 provides a single lessee accounting model and requires a lessee to recognise assets and liabilities for leases which last over 12 months, largely eliminating the current 'off-balance sheet' treatment of operating leases under IAS 17.

Impact of the new standard

The Group has assessed the impact that the application of IFRS 16 will have on the comprehensive net expenditure for the financial year ending 31 March 2020 and on the statement of financial position at that date. The figures below are for existing leases as at 31 March 2019.

The standard is expected to increase total expenditure in 2019-20 by approximately £20million. The right of use asset is expected to be increased by approximately £1,461million, whilst the associated lease liability will increase by approximately £1,463million.

SoCNE impacts IFRS 16	**£m**
Depreciation expected – 2019-20	89
Interest expense expected – 2019-20	16
IAS 17 basis Rental payments expected – 2019-20	(85)
Increased Expenditure	**20**

SoFP impacts IFRS 16	**£m**
Existing IAS 17 Operating Leases – Right to Use Asset – 1 April 2019	740
Increased/ (decreased) Right to Use Asset - 1 April 2019	721
Increased Right to Use Asset	**1,461**
Existing IAS 17 Operating Leases – Lease Liability – 1 April 2019	(757)
Re-measured Finance Leases Increased Lease Liability - 1 April 2019	(706)
Increased Lease Liability	**(1,463)**

The above figures are calculated before intercompany eliminations are made, these will not have a material impact on the figures.

The above figures also exclude leased assets held under peppercorn leases which are required to be fair valued as at 1 April 2019. The majority of the groups peppercorn leased assets are already included at fair value within our 2018-19 accounts and therefore the impact of recognising the fair value of peppercorn leased assets are not expected to be material.

1.27 Adoption of new and revised standards

2018-19

The following standards have been adopted by the 2018-19 FReM:

IFRS 9 *Financial Instruments* replaces IAS 39. This has resulted in changes in some accounting terminology, with no material impact on balances and transactions. The detailed accounting policies are disclosed in **Note 1.10-1.17**.

IFRS 15 *Revenue from Contracts with Customers* replaces IAS 11 and IAS 18. It has been implemented by the cumulative catch-up method, meaning that the comparative figures for 2017-18 have not been re-stated. The detailed accounting policies are disclosed in **Note 1.23** and **Note 1.24**.

2019-20

IFRS 16 *Leases* provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less, or the underlying asset meets the IFRS 16 criteria to be classified as of "low value". The IFRS is effective in the private sector for accounting periods commencing on or after 1 January 2019. The Group will adopt IFRS 16 in the financial year commencing 1 April 2019, although most government bodies will adopt it during the following year.

IFRS 16 gives a narrower definition of a lease than IAS 17 *(Leases)* and IFRIC 4 *(Determining Whether an Arrangement Contains a Lease)*, by requiring that assets and liabilities will be recognised initially at the discounted value of the minimum lease payments, and that the assets, to be described as "right of use" assets, will be presented under Property, Plant and Equipment. The Group expects that its existing finance leases will continue to be classified as leases. All existing operating leases will fall within the scope of IFRS 16 under the 'grandfathering' rules mandated in the FReM for the initial transition to IFRS 16. Therefore, implementation of IFRS 16 will increase the value of property, plant and equipment assets and the value of lease liabilities.

After initial recognition, right-of-use assets will be amortised on a straight-line basis and interest will be recognised on the liabilities. Except where modified for revaluation where material, the cost model will be applied to assets for leases other than leases with a peppercorn rental, which will be measured on a depreciated replacement cost basis. As a result, the timing of the recognition of the total costs of leasing will change, as interest costs will be higher at the start of a lease.

HM Treasury propose that IFRS 16 will be implemented using the cumulative catch-up method; as a result, comparatives will not be restated and the measurement of the asset and liability balances recognised with effect from 1 April 2019 will reflect the Group's intentions as at that date. HM Treasury also propose to issue a central internal rate of borrowing for entities to apply, when they cannot obtain the rate implicit in the lease contract.

As IFRS 16 will be implemented using the cumulative catch-up method, comparatives for 2018-19 will not be re-stated, and the adjustment to net assets will be made with effect from 1 April 2019. For the material arrangements within the scope of IFRS 16, the impact of implementation is currently considered to be an increase in assets and liabilities of approximately £1 billion.

The right-of-use assets and leasing obligations have been calculated according to the policy described above.

This assessment indicates that the total discounted value of right-of-use assets and lease liabilities under IFRS 16 is higher than the value of minimum lease commitments under IAS 17, since a number of the leases have tenant break-clauses which the Group does not expect to trigger.

Subsequent years

IFRS 17 *Insurance Contracts* requires a discounted cash flow approach to accounting for insurance contracts. Subject to EU adoption, it may come into effect for accounting periods commencing on, or after, 1 January 2021 and should be included in the 2021-22 FReM at the earliest. The Group considers that it has no contracts which meet the definition of insurance contracts and intends to treat its financial guarantee contracts as financial instruments rather than insurance contracts.

The Group does not consider that any other new, or revised standard, or interpretation will have a material impact.

Appendix 2: glossary of terms

Annual Audit Letter (AAL)	This Annual Audit Letter summarises the key issues arising from the work that the auditor has carried out for the financial year. It is addressed to the NHS body but is also intended to communicate the key findings to key external stakeholders and members of the public. Trusts and CCGs must publish their AAL on their website. Auditors of foundation trusts are not required to produce an AAL but, if they do, it should be published on the foundation trust's website.
CETV	Cash equivalent transfer value.
Control total	A financial control set by one organisation for another. These are used by NHS England and NHS Improvement to set limits on expenditure and targets for year-end surpluses/deficits for commissioners, providers and STP/ICS areas.
Commissioner Sustainability Fund (CSF), Provider Sustainability Fund (PSF) and Financial Recovery Fund (FRF)	A fund held by NHS England and NHS Improvement that is available to providers and CCGs in deficit when they meet predetermined criteria. Usually, these criteria are financial – to meet the control total or to remain within financial improvement trajectories. From 2020/21, a material part of the FRF will be linked to the achievement of system-wide financial improvement trajectories – the sum of all of the financial trajectories in an STP or ICS area. From 2020/21, the FRF replaces the provider sustainability fund (PSF), available to all providers that met their control total, and the commissioner sustainability fund (CSF), which supported CCGs in deficit.
DHSC	Department of Health and Social Care.
FAQ	Frequently asked questions.
FRC	Financial Reporting Council.
Group Accounting Manual (GAM)/ NHS Foundation Trust Annual Reporting Manual (FT ARM)	The GAM sets out how health bodies should apply international financial reporting standards (IFRS) as adapted for the public sector when preparing their accounts. Trusts and CCGs also follow the GAM when preparing their annual report. The FT ARM sets out the required content of for foundation trusts' annual reports.
GDPR	General Data Protection Regulations.
Going concern	All accounts prepared in accordance with International Financial Reporting Standards (IFRS) are prepared on a going concern basis unless management either intends to liquidate the entity or to cease trading or has no realistic alternative but to do so. For public sector bodies, such as NHS bodies and local authorities, this definition is interpreted to focus on whether the services

	provided by the entity are going to be continued rather than whether the entity providing the service will continue to exist.
IAS	International accounting standard.
IFRS	International financial reporting standard
ISA (UK)	International standard on auditing (united Kingdom)
NAO	National Audit Office
NHSBSA	NHS Business Services Authority
Provision	A liability of uncertain timing or amount – for example, it may be a charge to the cost of services for liabilities that are known to exist but must be estimated.
Marginal Rate Emergency Tariff (MRET)	An adjustment made to the amount a provider of emergency services is reimbursed to encourage health economies to redesign emergency services and manage patient demand for those services. A provider is paid a percentage of the national price for each patient admitted as an emergency over and above a set threshold.
RICS	Royal Institute of Chartered Surveyors

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.

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