

HFMA introductory guide to NHS finance

Chapter 11: How NHS bodies demonstrate financial accountability



Chapter 11. How NHS bodies demonstrate financial accountability



Overview

This chapter looks at the key financial and performance reporting mechanisms that NHS bodies use to demonstrate accountability in financial terms. Its primary focus is on external reporting requirements but there is also a section on reports to budget holders and governing bodies.

11.1 External reporting

Statutory requirements

All NHS bodies have a statutory duty to produce an annual report and accounts¹⁹⁴ with the form and content set out in accounts directions. These directions are contained within the Department of Health and Social Care's (DHSC) group accounting manual (GAM), chapter 2, Annex 3¹⁹⁵ and the foundation trust annual reporting manual (FT ARM), chapter 1, annex 1¹⁹⁶.

The accounts directions are made by different organisations depending on the NHS body, but they all require organisations to prepare true and fair accounts and to maintain appropriate accounting records. The production of the annual report and accounts is the principal means by which NHS bodies discharge their accountability responsibilities to taxpayers and users of services, for their stewardship of public money.

The annual report and accounts (ARA) is a single document that is approved and signed by the board and includes an external audit opinion. The ARA must be fair, balanced and understandable, and the accountable officer (usually the chief executive), in signing the ARA, takes personal responsibility that this is the case.

All NHS bodies must publish their ARA and then present it at a public meeting. NHS foundation trusts must lay their annual report and accounts before Parliament prior to publication or presentation at a public meeting. It is considered best practice for the public meeting to be held before 30 September following the end of the relevant financial year.

Annual report

The annual report is primarily a narrative document. It is based on the directors' report and the remuneration report required in the private sector by the Companies Act 2006¹⁹⁷, but with additional information reflecting the NHS body's position as a public sector body. The report gives an account of the body's activities and performance over the last financial year.

¹⁹⁴ For ICBs, the duty is set out in section 14Z58 of the NHS Act 2006 as inserted by s25 of the Health and Care Act 2022. For NHS trusts, the relevant legislation is section 232 and paragraph 3(1) of schedule 15 of the NHS Act 2006 as amended by part 4, section 154 of the 2012 Act; for NHS foundation trusts (FTs) the relevant legislation is section 30 and paragraph 25(1) of schedule 7 of the NHS Act 2006 as amended by part 4, section 154 of the 2012 Act.

¹⁹⁵ Department of Health and Social Care, *Group accounting manual (chapter 2 annex 3)*, June 2023

¹⁹⁶ NHS, *NHS foundation trust annual reporting manual*, updated May 2023

¹⁹⁷ UK Government, *Companies Act 2006*

The annual report provides an opportunity to set out its achievements in the year and highlight the challenges ahead.

Although the overall layout of the annual report is at each NHS body's discretion, there are mandatory items that must be included; these are Companies Act 2006, HM Treasury and NHS specific disclosure requirements. The DHSC - through NHS England, provides specific guidance to NHS bodies in relation to these requirements.

All NHS annual reports include a performance report, which is made up of a short overview of performance as well as more detailed analysis. The overview sets out:

- information on the NHS body – how it is organised and managed
- the chief executive's summary of the NHS body's performance in the year
- the organisation's main objectives and strategies
- the main risks it faces.

The detailed analysis includes information on the NHS body's performance, including trend analysis and key performance indicators. There is also more detailed risk information and non-financial information on matters such as human rights, diversity and environmental issues.

The annual report must include an accountability report. This is intended to meet key accountability requirements to Parliament, and will include the directors' report, statement of accounting/accountable officer's responsibilities and the annual governance statement. It will also include a remuneration and staff report that discloses policies for senior managers' total rewards (salary and pension), and other staff information.

There are some disclosures that are required by statute for different NHS bodies - for example, section 14Z58 of the National Health Service Act 2006¹⁹⁸ (as amended by the NHS and Social Care Act 2022¹⁹⁹) specifically requires that ICBs' annual reports explain:

- the steps the ICB has taken to implement relevant health and wellbeing strategies
- how the ICB has exercised its functions in accordance with its published plans
- how the ICB has exercised its functions as regards NHS England's published statements
- how it has discharged its duties in relation to areas including:
 - securing continuous improvement in the quality of services
 - reducing health inequalities between patients with respect to their ability to access health services and the outcomes achieved for them
 - involving and consulting with the public
 - promotion of patient choice
 - promotion of innovation, education and training
 - promotion of integration
 - having regard to the wider effect of decisions
 - climate change.

Another example is the requirement in paragraph 26(2) of Schedule 7 of the National Health Service Act 2006²⁰⁰ (as amended) for NHS foundation trusts to publish information on directors' remuneration and the expenses of governors and directors. While NHS trusts are required to make disclosures

¹⁹⁸ UK Government, [National Health Service Act 2006](#)

¹⁹⁹ UK Government, [Health and Care Act 2022](#)

²⁰⁰ UK Government, [National Health Service Act 2006](#)

relating to directors' remuneration in accordance with the GAM, these precise disclosures are not required.

Annual accounts

The format of the annual accounts is specified in each accounts direction and is slightly different depending upon the type of NHS body concerned. However, the main elements are shown below.

The contents of the annual accounts

The four primary statements

- statement of comprehensive income (for providers) or statement of comprehensive net expenditure (for all other NHS bodies where financing is primarily from central funding, rather than through income received for services provided)
- statement of financial position
- statement of changes in taxpayers' equity
- statement of cash flows.

Notes to the accounts

- accounting policies
- additional analysis of the primary statements
- any additional disclosures required as per the GAM, or where greater clarity is required to the reader of the accounts.

Statements and certificates

- directors' statement of responsibilities
- the accounting (or accountable) officer's statement of responsibilities
- the governance statement (see below)
- the auditors' report.

Accounting framework

In preparing their accounts, NHS bodies must follow international financial reporting standards (IFRS) as issued by the IFRS Foundation²⁰¹. These standards are intended to provide a framework for good practice, the common disclosure of information and a benchmark against which an NHS body's audited accounts are judged.

Although NHS bodies must adhere to IFRSs, the government has the final say on how these standards are applied to the public sector (including NHS bodies) with details set out in HM Treasury's *Financial reporting manual (FReM)*²⁰². This is because IFRSs are written with profit making organisations in mind and therefore some interpretation is required to allow them to be applied consistently to public sector bodies where there is no profit motive.

The DHSC GAM is consistent with the requirements of the FReM and must be approved by HM Treasury through the Financial Reporting Advisory Board²⁰³. The GAM sets out the particular reporting requirements for all NHS bodies.

²⁰¹ The IFRS Foundation, *International financial reporting standards, 2023*

²⁰² HM Treasury, *Government financial reporting manual, updated December 2023*

²⁰³ HM Treasury, *Financial Reporting Advisory Board, 2023*

The parts of the GAM that relate to the annual report apply to all NHS bodies apart from NHS foundation trusts. The requirements for NHS foundation trusts' annual reports are set out in the FT ARM that is published by NHS England.

These manuals are updated each year and include a summary of the relevant accounting standards. However, if an NHS body needs a more detailed understanding of a particular aspect, it will refer to the relevant accounting standard in full.

Governance statement

NHS bodies produce an annual governance statement (AGS) that is included in the annual report and accounts. This statement focuses on the stewardship of the body; it sets out how the board has managed and controlled its resources and reports on the NHS body's risk management and control system over the year²⁰⁴. Although there is no prescribed format the statement must cover several areas including:

- information about the NHS body's governance framework (including its board committee structure)
- responsibilities for risk management, internal control systems and for reviewing their effectiveness; this includes the board's performance
- the processes and structures used to identify, evaluate and manage the principal and emerging risks faced
- the main features that support regular review, monitoring and assurance
- the process applied to review the effectiveness of risk management and internal control, and the associated systems that have been in place for the year up to the date of approval of the annual report and accounts
- any significant control issues that have emerged during the year and how they are being, or have been, addressed.

Quality accounts

All providers of acute care (including all NHS provider bodies as well as commercial providers of NHS services) are required to produce an annual quality account in line with the statutory requirement set out in the Health Act 2009²⁰⁵ and the associated regulations.

Quality accounts must be shared for comment with the main commissioner for the provider (whether that is NHS England or a lead ICB), local HealthWatch and the local overview and scrutiny committee. The final agreed quality account must be sent to the Secretary of State and made publicly available by 30 June following the financial year end.

In addition, NHS trusts and NHS foundation trusts are required to report on their performance against quality priorities and indicators in the overview and performance analysis parts of their annual report. The quality priorities and indicators to be reported should be the most pertinent ones for that NHS body set out in the *NHS oversight framework*²⁰⁶ and should link to the disclosures on quality governance and data quality in the accountability report.

It is for NHS bodies to determine whether they want to ask their auditors to provide assurance over any of the quality metrics that they report.

²⁰⁴ HM Treasury, *Managing public money (annex 3.1)*, May 2023

²⁰⁵ UK Government, *Health Act 2009*

²⁰⁶ NHS England, *NHS Oversight Framework*, November 2023

What quality accounts include

- an overall statement by the chief executive on the quality of health services provided or sub-contracted during the year
- a review of performance against the quality indicators, out of a prescribed set of 15, that are relevant to the services the NHS body provides. For each indicator, performance is reported using specified data sources so there is comparability between providers. For each indicator, the actions taken or to be taken to improve performance are also reported
- at least three areas for improvement including why those areas have been selected and how progress will be reported to patients and the public
- progress on areas of improvement identified in the previous report
- the national, local and clinical audits the NHS body has taken part in
- statements of assurance from the board as required by the regulations
- what others say about the provider including commissioners, local HealthWatch organisations and overview and scrutiny committees
- any other information that the provider body might want to include (for NHS foundation trusts, this section includes other disclosures mandated by NHS England).

External audit

As mentioned above, the NHS body's annual report and accounts are subject to scrutiny from the external auditor and must be signed off by them prior to their publication. To be able to carry out their audit, auditors must be given a copy of the annual report and accounts and complete working papers that fully support the figures and disclosures made by management in the draft annual report and accounts. This must be provided before the start of the audit so that the auditors have sufficient time to carry out the required work to meet the accounts completion deadline.

The auditors are required to comply with the *Code of audit practice*²⁰⁷ (the Code) published by the National Audit Office (NAO) that sets out the additional requirements for an audit of an NHS body. The Code requires auditors to follow *International standards on auditing for the UK (ISAs)*²⁰⁸ when undertaking their work on the annual report and accounts.

The Code sets out the elements that make up the auditor's report on the annual report and accounts; this includes:

- an audit opinion on the annual accounts that says whether the financial statements give a 'true and fair' view and whether the financial statements have been properly prepared
- a statement on whether the information published with the annual accounts (usually, the annual report) is consistent with the annual accounts
- a statement that parts of the remuneration report that are subject to audit have been properly prepared
- for ICBs - an opinion on whether in all material respects the expenditure and income recorded in the financial statements has been applied to the purposes intended by Parliament (known as the regularity opinion)
- where the auditor is not satisfied with the arrangements to secure value for money, by exception, a statement in relation to the NHS body's use of resources
- a certificate that closes the audit.

²⁰⁷ National Audit Office, *Code of audit practice 2020*, April 2020

²⁰⁸ Financial Reporting Council, *Auditing standards*, September 2023

All auditors issue a report to the audit committee that summarises their findings at the end of the audit. This report is called the ISA260 report or report to those charged with governance²⁰⁹.

Auditors also issue an auditor's annual report that brings together all the auditor's work over the year, including their findings and any recommendations. A core element of this report is the auditor's commentary on the body's value for money (VFM) arrangements. The annual audit report is required to be a clear and understandable commentary of the results of the auditor's work for the general public. NHS bodies are required to publish it alongside their annual report and accounts.

After the accounts have been audited and any necessary amendments made, the governing body is required to formally adopt the accounts and the certificates are signed to demonstrate that approval. The auditor then signs their audit report.

Timetable

The DHSC in conjunction with NHS England, determines the overall timetable for the production and submission of the annual report and accounts. The timetable is set so that the various national consolidated reports and accounts can be produced and laid before Parliament prior to the summer recess.

The deadline for completion of draft accounts and annual reports is usually around the third week in May and with submission of final audited accounts in late May or early June.

For the financial year 2023/24 the submission of the draft annual report and accounts deadline²¹⁰ is 24 April 2024. The submission of final audited statements deadline is 28 June 2024.

During the Covid-19 pandemic deadlines were extended, and some requirements were reduced, to reflect the significant issues being faced by organisations, including audit teams. The extended timetable, although only a matter of weeks for NHS bodies, caused a significant issue for the national consolidated accounts for 2019/20, 2020/21 and 2021/22. These were not laid before Parliament until the January after the financial year-end; pre-Covid, this was in the July immediately after the financial year-end. It is expected that it will take several years for the timetable to return to the pre-pandemic deadlines.

Monitoring reports

Providers

As well as preparing the statutory annual report and accounts, NHS provider bodies are required to submit provider finance returns (PFR) to NHS England throughout the year. PFR forms are consistent with the annual accounts but also include additional management information that is used by NHS England to monitor financial performance throughout the year.

At the year end, providers are required to prepare the trust accounts consolidation (TAC) schedules. These are in a standard format and consistent with the annual accounts. They are submitted to NHS England and are used to prepare the consolidated annual report and accounts for the DHSC, as well as consolidated provider accounts and consolidated NHS foundation trust accounts.

Commissioners

All ICBs and NHS England use the same financial ledger - the integrated single financial environment (ISFE). NHS England therefore has access to ICBs' financial information through ISFE, so ICBs do not need to complete consolidation schedules. However, at the end of quarter 3 and at the year-end,

²⁰⁹ Financial Reporting Council, *International standard on auditing (UK) 260, communication with those charged with governance*, updated May 2022.

²¹⁰ Department of Health and Social Care, *Annual report and accounts timetable: 2023 to 2024*, January 2024

ICBs and NHS England regional offices are required to provide to NHS England additional financial information that is not available from ISFE. This facilitates the production of a consolidated report and accounts.

The NHS England annual report and accounts consolidates the performance of NHS England with ICBs and shows how the financial requirements of the NHS mandate have been achieved in the year.

Financial information submitted during the year is used to prepare financial reports for NHS England board meetings. Consolidated accounts information at year end is used to complete the DHSC consolidated accounts; the DHSC's annual report and accounts shows how the money voted by Parliament for health has been spent.

11.2 Financial performance targets

As well as the statutory requirement to produce an annual report and accounts, NHS bodies are subject to a range of statutory and departmental financial targets. The targets and their nature vary according to the type of NHS body.

NHS England

NHS England's key statutory financial duty is to ensure that in each financial year total spending on health does not exceed the funding available. NHS England must also ensure that:

- the total revenue resource used in a financial year does not exceed the amount specified by the Secretary of State (known as the revenue resource limit or RRL)
- the total capital resource used in a financial year does not exceed the amount specified by the Secretary of State (known as the capital resource limit or CRL).

NHS England is also able to use some of the funding it receives to establish a contingency fund that can be used to help discharge its functions or to help ICBs discharge their functions.

In relation to revenue and capital resource limits, NHS England's chief executive (the accounting officer) is held to account by the DHSC. NHS England is also required to prepare a consolidated annual report and accounts for itself and all ICBs, which is a key element in the DHSC's overall resource account.

NHS England also prepares consolidated provider accounts that show how the provider bodies meet their financial duties.

Integrated care boards

ICBs' key financial duty as set out in section 223GB of the NHS Act 2006 (inserted by section 29 of the Health and Care Act 2022), is that each ICB must not spend more in a year than it receives. NHS England can also direct ICBs about their management or use of financial and other resources, imposing limits on expenditure.

ICB budgets include a maximum allowance to cover administration or running costs. Although they can choose to undertake some or all of these roles themselves, they have the flexibility to use the money to buy in the services needed from commissioning support units (CSUs). The running cost

allowance is set in line with the expectation that ICBs will deliver a real terms reduction of 30% in the allowance by 2025/26 with at least 20% to have been delivered in 2024/25²¹¹.

The Health and Care Act 2022 introduced a joint financial objective for ICBs, and their partner NHS trusts and NHS foundation trusts. This is that, jointly, the organisations must not spend more than an amount specified by direction of NHS England. In other words, each ICB and its partner NHS provider bodies must not exceed its revenue and capital resource limits.

NHS trusts and NHS foundation trusts

Prior to the Health and Care Act 2022 coming into force, NHS trusts had a statutory financial duty to achieve a break-even position on revenue and expenditure taking one year with another. However, their financial duty is now to achieve financial duties set by NHS England. Trusts must also remain within a borrowing limit set by the Secretary of State²¹².

NHS trusts also have non-statutory (administrative) duties to meet. These are to:

- pay a public dividend capital (PDC)²¹³ dividend to the DHSC each year
- manage within a pre-set external financing limit (EFL)
- meet the capital resource limit (CRL)
- comply with the better payment practice code²¹⁴ for the payment of invoices.

Further information on the first three of these duties is included in Chapter 14.

In contrast NHS foundation trusts have no specific statutory financial duties. They are required to pay a PDC dividend and, as public bodies, comply with the better payment practice code but do not have an EFL or CRL.

NHS foundation trusts were intended to operate on a similar basis to commercial organisations, so they must operate effectively, efficiently and economically and remain a going concern.

The Health and Care Act 2022 introduced a new requirement for NHS trusts and NHS foundation trusts, with their partner ICBs to not exceed the revenue and capital spending limits set by NHS England.

The requirement that, at the national level, the DHSC must ensure that capital expenditure does not exceed the funds allocated to it for capital projects by Parliament (the capital departmental expenditure limit (CDEL)) means that capital expenditure has been constrained for all NHS providers (see chapter 14 on capital).

Better payment practice code

All NHS bodies must comply with the better payment practice code. The target is that 95% of invoices, by both value and volume, must be paid within 30 days of receipt.

²¹¹ NHS England, *Integrated care board running cost allowances: efficiency requirements*, March 2023

²¹² See paragraph 3(1) of Schedule 5 of the NHS Act 2006

²¹³ PDC is a form of long-term government finance. The basis for calculation for the annual dividend payable is set out in chapter 15.

²¹⁴ Cabinet Office, *Prompt payment policy*, updated October 2023

11.3 Financial performance management

Planning

HM Treasury, DHSC and NHS England require that the financial performance of NHS bodies is monitored throughout the financial year. The primary basis of financial performance management process is the annual financial plan. All NHS bodies are required to undertake medium term financial planning and, as part of this process, the organisation must plan to achieve its financial duties. The plan must cover all expected sources of revenue and expenditure and the full range of responsibilities under the management of the NHS body.

The formal national planning process has been in place since 2016/17 – each year NHS England publishes national assumptions along with technical guidance and a submission timetable. Full planning guidance for 2024/25 is outstanding, but initial directions have been provided²¹⁵. Plans are produced on an organisation and system wide basis and are for the short-term (one year) and medium term (five-years). These plans cover both financial and non-financial performance.

Organisational financial plans must take into account the plans of all other NHS bodies in the system.

ICBs have a statutory duty to prepare an annual plan²¹⁶ known as the joint forward plan (JFP). The plan should set out how an ICB proposes to ‘exercise its functions’. The JFP must, as a minimum, describes how the ICB and its partner trusts will provide NHS services that meet the physical and mental health needs of their local population, and include how it plans to spend the funding received, ensuring that expenditure will be contained within the limits set for the year. *Guidance on developing the joint forward plan*²¹⁷ was issued in December 2023 as part of the operational planning guidance. All plans are submitted to NHS England.

Reporting financial performance

To ensure effective management of financial resources NHS bodies must report regularly on their financial performance against the plan submitted at the start of the financial year to NHS England. Financial monitoring returns submitted to regulatory bodies during the year underpin this framework. NHS England uses the monitoring returns to take a risk-based approach to determine what oversight and intervention to apply to organisations, and systems.

Chief finance officers are expected to inform the appropriate regulator if there are any significant variances against plans and to ensure that appropriate recovery plans are put into place.

Non-financial performance standards and targets

As well as financial duties, there are several other targets that NHS bodies are required to meet. The Health and Social Care (Community Health and Standards) Act 2003²¹⁸ established the power for the Secretary of State for Health and Social Care to set standards that are published by the DHSC. Guidance issued by the National Institute for Health and Care Excellence (NICE) is also an important element of the standards system.

²¹⁵ NHS England, *Update on planning for 2024/25, December 2023*

²¹⁶ Section 14Z11 of the NHS Act 2006 as inserted by s26 of the Health and Social Care Act 2012

²¹⁷ NHS England, *Guidance on developing the joint forward plan, December 2023*

²¹⁸ UK Government, Health and Social Care (Community Health and Standards) Act 2003

11.4 Internal assessment

Internal audit

Internal audit is defined in the *UK public sector internal audit standards*²¹⁹ as ‘an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes’. These standards have applied to all NHS bodies since April 2013.

As the definition above indicates, the internal audit service fulfils two functions – assurance and consultancy. The first involves providing an independent and objective opinion to the accountable officer, board and audit committee on the extent to which risk management, control and governance arrangements support the aims of the NHS body. In this context, risk management, control and governance mean the policies, procedures and operations established to ensure:

- the achievement of objectives
- the appropriate assessment of risk
- the reliability of internal and external reporting and accountability processes
- compliance with applicable laws and regulations
- compliance with the behavioural and ethical standards set for the NHS body.

The second role involves providing an independent and objective consultancy service specifically to help line management improve the NHS body’s risk management, control and governance. When performing consultancy services, the internal auditor must maintain objectivity and not take on management responsibility.

All NHS bodies are required to have an internal audit function. On an annual basis, the head of internal audit (HoIA) will provide an assessment of the organisation’s governance and risk management arrangements, and on the effectiveness of internal controls. This assessment forms the head of internal audit’s opinion and is used by the accountable officer to inform the governance statement.

11.5 Internal reporting

For NHS bodies to run effectively, the board and managers at all levels need to receive up to date financial and non-financial performance information on a timely basis. This information needs to be derived from the same financial system that is used for external reporting purposes – this ensures consistency in reports and that decisions throughout the NHS body are made on the same basis.

Reporting to NHS boards

NHS boards are responsible for ensuring that there are high standards of financial stewardship through effective financial planning, financial control and ensuring value for money. To achieve this, NHS boards require an effective system of financial and performance reporting that is accurate and timely so that it can take early and corrective action where necessary. It is for the board to decide the form and content of the reports required and it should regularly review its information needs. Many boards receive an integrated report that includes performance against both financial and operational key performance indicators. The board should also make use of assessments carried out by external bodies.

²¹⁹ HM Treasury and Internal Audit Profession, *Public sector internal auditing standards*, updated August 2017

Examples of financial information that is reported each month

- performance against the achievement of statutory and departmental duties and targets
- in-year revenue and expenditure position and year-end forecasts, including an analysis of performance against budgets
- financial risks, the likelihood of them arising and how they will be managed
- activity levels linked to financial data
- progress on the achievement of any cost improvement/ savings programmes and financial recovery plans
- statement of financial position
- cash flow forecast
- aged receivable and payable balances including actions taken and progress made
- losses
- performance of outsourced services
- progress against internal and external audit recommendations
- progress on major capital schemes
- staffing and establishment reports.

Each ICB's board report will also need to incorporate a summary of the system financial position.

As well as considering monthly reports, there is some financial information that the board needs to consider every year, including:

- the annual report and accounts
- financial plans
- the auditor's annual report.

The board should also be updated and advised regularly on the nature and development of new systems and initiatives in the NHS so that it is better able to understand the implications and prepared to manage the impact when implementation takes place.

Reporting to budget holders

Effective financial management and governance requires that corrective action be taken where financial plans are not expected to be met. This means that reporting of performance against the plan at a level in the organisation where action can be taken is essential. Reporting to budget holders must therefore be sufficiently detailed to ensure that all significant movements are identified and issues that need to be corrected are highlighted. This supports the budget holder to meet their responsibilities around financial accountability.

Budget monitoring information is produced at a range of levels, allowing managers to see not only summary performance, but also the performance of individual departments and teams. The exact nature of this reporting depends on the NHS body's management structure but in each case, it is essential that the information is timely, accurate, and fit for purpose. To ensure accuracy, financial commitments should be recognised as soon as possible and reflected in the monthly financial reports. Without accurate financial performance reporting at budget holder level, costs cannot be

controlled properly. These reports are often referred to as the management accounts. Chapter 13 looks in more detail at revenue planning and budgeting.



Key learning points

- All NHS bodies have a statutory duty to prepare an annual report and accounts that are audited.
- The annual report is a review of the past year and performance against targets.
- The annual accounts must be prepared in accordance with international financial reporting standards. Additional directions, interpretations and guidance is provided by the Department of Health and Social Care and NHS England.
- The governance statement forms part of the annual report and accounts and reflects on the arrangements that the NHS body has in place to manage and control risk.
- Quality accounts must be prepared by bodies providing healthcare.
- All regulatory bodies undertake financial monitoring throughout the year and require financial information on a regular basis.
- All NHS bodies have financial targets that they must meet. Some are statutory and others are administrative.
- All NHS bodies must have an internal audit service that fulfils two key functions – assurance and consultancy.
- Assurance over the annual report and accounts as well as the NHS body's arrangements for value for money is provided by the external auditor.
- NHS bodies are responsible for monitoring their own financial performance from the overall corporate level through to budget holders.
- ICBs and their partner trusts have a responsibility to produce joint forward plans that detail how they will provide the physical and mental healthcare services that meet the needs of their local populations.
- Boards should think carefully about their information needs to ensure that they can properly direct the NHS body.

Additional HFMA resources

The HFMA maintains a directory of resources which provides links to other HFMA outputs such as briefings and webinars across a range of subjects, including dedicated sections on financial reporting and accounting, and audit. It also highlights online learning courses that are available. [The directory of resources can be found here.](#)