Combining NHS bodies

Review of 2016/17 accounts

# A practical checklist for mergers and acquisitions

## List of key issues for the chief financial officer

|  | **Place where documentation is held** |
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| Understand the process for the reorganisation. This will be different from reorganisation to reorganisation |  |
| Understand, document and agree the funding arrangements for any financing required for the reorganisation. This will include:   * the form of any funding, e.g. public dividend capital, loans or other cash injections * the timing of its receipt * any conditions attached to it |  |
| Obtain copies of the documentation which set out the legalities of the transaction – these may include transfer orders, dissolution orders, transaction agreements, grants of acquisition, or authorisation of merger. The actual documentation may have different names and may be issued by different regulatory bodies  All of this documentation should be held centrally and made available to the finance team |  |
| Obtain copies of the latest ISA 260 reports and any other reports from auditors for all of the organisations involved in the reorganisation |  |
| Obtain copies of the latest internal audit reports relating to all of the organisations. Identify outstanding recommendations and consider whether they remain applicable |  |
| Identify channels of communication, ensure that they are open to all staff and are kept up to date |  |
| Obtain copies of all sustainability and transformation plans/ partnership arrangements the old bodies were involved with. Ensure that the reorganisation and its impact has been raised and discussed with the appropriate STP |  |
| Ensure that representation on appropriate STP/ health economy committees is retained |  |
| Consider whether STP governance arrangements need to be revised to reflect the new structure |  |
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## SECTION A: CORPORATE GOVERNANCE

| **Corporate governance and committees** | **Deadline** | **Responsible individual** |
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| Agree the strategic objectives and business plan for the new NHS body and assess the financial impact of those plans and objectives  Where the reorganisation occurs part way through a financial year, agree and submit part-year plans to the appropriate regulator as well as plans for the next full financial year  Consider the arrangements necessary to prepare and submit financial reports for the old bodies up to the vesting date and for the final period of operation  Ensure that financial and other returns are made to regulatory bodies both before and after the vesting date  (Before vesting) Agree how all of the governing bodies involved will be informed of progress against the project plan so they can act in an integrated way. This may be through a committee structure or an individual post (for example, the chair, governing body secretary or company secretary). Ensure the process is transparent  (After vesting) Agree how the governing body will be informed of progress against the project plan. This may be through a committee structure or an individual post (for example, the Chair, governing body secretary or company secretary). Ensure the process is transparent  Identify all standing committees and review their purpose and terms of reference  Agree the new committee structure[[1]](#footnote-1) and develop terms of reference, as necessary, to include:   * remuneration committee * audit committee * (provider bodies) clinical governance committee * (CCGs) quality committee   Consider other committees that are an integral part of the governance structure or that are required due to the nature of the NHS body. Agree their purpose, terms of reference and appropriate duration. For example, should they be:   * permanent * time limited – for example, to put in place arrangements that the governing body will govern in the long term or to act as a project oversight committee   Other committees may include:   * finance * risk management * charitable funds   Establish transparent arrangements for declarations, including:   * register of directors’ interests * register of gifts and hospitality   Production of the annual report and accounts, including all of the signed statements  Ensure standing orders, schemes of reservation and delegation and standing financial instructions are reviewed, revised and approved by the governing body and that they are made available to all existing and new staff  Agree and implement robust assurance arrangements including:   * internal and external audit plans * mechanisms for learning from other inspectorate/ review bodies such as the CQC, counter fraud specialists and the Health and Safety Executive   Establish a process for the governing body to share knowledge with – and learn from – partners, service users, staff and stakeholders  Establish a system for the creation and maintenance of a financial procedures manual including losses and compensations register  Ensure that a robust and auditable process exists to report all financial matters transparently to the audit committee and the governing body  (Provider bodies) Ensure that arrangements for assurance over the quality of healthcare services continue to the point of demise of the old bodies and from the vesting date of the new.  (Provider bodies) Put in place arrangements for the governing body to get assurance over service quality for the whole financial year as part-year quality accounts may not be prepared by old bodies but the quality account covers a full year. |  |  |
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| **Body-level guidance** | **Deadline** | **Responsible individual** |
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| Review existing financial procedures and working practice guidance in all bodies. Consider whether they are fit for purpose for the new body (it may be the new body is sufficiently different to the old bodies that it needs new procedures and no procedures can be rolled over). Write and issue revised financial procedure notes |  |  |
| Find out whether the new body needs a new NHS body code from NHS Digital[[2]](#footnote-2). If a new code is required, ensure that a new code is obtained |  |  |
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| **Detailed due diligence[[3]](#footnote-3)** | **Deadline** | **Responsible individual** |
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| Ensure comprehensive assessment of the costs of change/ merger is made (including any asset write downs and staff redundancy costs)  Obtain the most recent set of accounts for each of the bodies involved in the reorganisation  Undertake a detailed review of the accounts and raise questions with the teams that prepared them. In particular review:   * accruals * prepayments * deferred income (particularly research or R&D grants carried forward) * provisions   All of these items involve an element of judgement. Ensure that the supporting documentation is sufficiently detailed to allow all such balances to be followed up  Where balances are to be carried forward from the old bodies to the new, determine how they will be cleared by the new body and what documentation/ information/ action will be required to allow them to be cleared  For accruals, ensure that a full list of accruals carried forward from the old bodies has been documented and that all accruals are matched to the new body’s payment system so they can be written off as they are paid  Ensure that all issues identified in the old bodies’ accounts are acted upon prior to the vesting date  Compare accounting policies to identify any differences  Ask teams to review their own accounts and identify any items which have been rolled forward year on year (these include any items which have been done that way for years without anyone really remembering why)  Obtain the most recent asset valuation reports. Consider whether the methodologies used are consistent and whether any amendments will be required to reach consistency. Also consider how impairments have been accounted for to ensure consistency  Where one or more of the old bodies have been in financial difficulties, determine the actual financial position of the legacy bodies including the level of indebtedness. Ensure that this level of indebtedness has been taken into account as part of the agreement and is covered by any funding agreement  Undertake analysis to determine the level of legacy financial difficulties which are recurring. Develop a plan to manage these recurring costs  Using the financial information available, prepare forecasts of key metrics for the new bodies. Develop the necessary plans to improve or maintain these metrics  Identify all subsidiary bodies and joint ventures. Ensure that any share capital is transferred to the new body and that Companies House is appropriately informed. Consider whether the new body will need to prepare consolidated accounts  Identify all joint working arrangements. Ensure that they have been appropriately accounted for. If the joint arrangement was between bodies which are involved in the reorganisation, consider what the new arrangement will be and how it should be accounted for  Review the losses and special payments schedule in detail. Try to identify any transactions which could result in a loss or special payment at an early stage |  |  |
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## SECTION B: INTERNAL CONTROL

| **Risk management** | **Deadline** | **Responsible individual** |
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| Review, revise and agree a risk management strategy, policy and procedures. This must include an approach to setting an agreed risk appetite and identifying, evaluating and managing risks to continuing NHS bodies, staff, service users, partners and stakeholders  Review risks of all affected NHS bodies and record them in a risk register. Include the risks associated with the reorganisation and reputation risks that could threaten public confidence and perception of the NHS body  Ensure that the risk register remains a ‘living’ process and reflects all current and newly emerging risks, both potential and residual  Ensure action plans are in place for all risks that the governing body has deemed unacceptable and that these plans are reviewed to ensure that actions have been taken  Ensure that there is a process to check that actions taken have reduced or managed the associated risk (i.e. that there is a feedback loop) and that if this is not the case, further action is taken to redress this |  |  |
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| **Internal audit** | **Deadline** | **Responsible individual** |
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| Consider internal audit work both before and after the reorganisation in the light of the risks that it poses and adjust the nature and timing of work accordingly  Review and integrate arrangements  Select service provider  Establish audit working protocols (for example, reporting, service standards)  Establish working relationships – consider the benefit of a joint audit committee meeting pre-transfer  Make arrangements for a head of internal audit opinion to be signed in relation to all closing accounts (including, as necessary, any part-year accounts)  Ensure that the service meets minimum standards regarding coverage and planning for the whole financial year  Ensure that reports from the head of internal audit will be available at the end of the financial period covering all systems and bodies in existence during the year (this will be particularly important if the reorganisation occurs part way through the financial year)  Review the recommendations register from the merging bodies and carry forward or clear those recommendations  Review outstanding actions and ensure that responsibility for their completion is transferred to the new NHS body  Ensure that audit is involved in reviewing proposed new systems prior to implementation  Ensure that there is audit review of new systems once implemented  Ensure that there is a Local Counter Fraud Specialist (LCFS) and an agreed plan in place  Ensure that there is an agreed plan in place in relation to security and potential loss of assets (this is a major risk on reorganisation)  Ensure that LCFS and senior management work plans cover the increased risk of fraud and asset loss during times of change  Ensure that the LCFS is involved in fraud and risk assessment for the new body |  |  |
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| **External audit** | **Deadline** | **Responsible individual** |
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| Discuss the reorganisation with external auditors prior to the reorganisation to ensure that they have completed the work necessary at the old bodies prior to the reorganisation  Discuss with the external auditors what evidence they require from both the old and the new bodies[[4]](#footnote-4)  Consider what arrangements are necessary to ensure that there is an external auditor appointed at all times  Consider whether external auditor contracts can and/ or should be rolled over or whether the contract should be subject to tender  Where an external audit contract is to be rolled over for the new body, determine that the external auditor remains independent (the external audit firm may have undertaken non-audit work for one of the old bodies which could compromise their independence of the new body)  Consider what, if any, safeguards the audit committee need to put in place to ensure that the external auditor remains independent  Agree handover arrangements between the outgoing auditors and the new auditors (re pre-reorganisation accounts/ opening balances)  Establish audit protocols  Agree an audit plan  Arrange for the audit of any part-year annual report and accounts to be completed on a timely basis  Review outstanding actions and ensure that responsibility to complete them is transferred to the new body  Ensure that links exist and work between external and internal audit  Ensure that appropriate external assurances (for example the service auditor report on SBS, ESR and local shared service providers) are received for any systems used prior to the reorganisation by any of the bodies involved even if the system is not used by the new body/bodies  Ensure that any necessary information is obtained to prepare final accounts (for example, information relating to pensions for the remuneration report). In particular, consider whether appropriate information is available relating to demising bodies and the members of their governing bodies |  |  |
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## SECTION C: FINANCIAL SERVICES

| **Banking and cash management** | **Deadline** | **Responsible individual** |
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| Appoint one cash manager with responsibility for overseeing cash management and establish systems to monitor implementation of cash action plan  Identify all bank accounts maintained by each of the merging NHS bodies  Determine new NHS body’s banking requirements including clearing banks, government banking service (GBS), staff banking facilities on site  Consider the need to undertake tender exercise for banking  Rationalise bank accounts ahead of the vesting date as much as possible  Determine interim arrangements if no time is available to rationalise before the vesting date  Close redundant accounts  Open new accounts  Ensure continuity of security for cash collection locations  Ensure stationery (especially payable orders (POs) and cheques) is ordered and received with name of new merged body (if applicable) or ensure stocks of stationery are distributed across the new body  Arrange for closure of accounts, transfer of balances and ensure redirection instructions are in place  Agree treatment of outstanding cheques/ POs and bank charges  Inform suppliers of change in organisational structure and new payment arrangements (experience shows that this process should be started early and at least two letters should be sent). Inform suppliers that any debts will be pursued by the new organisations and balances will be paid by the new organisation  Agree a final date for paying invoices from the ‘old’ bank accounts  Inform suppliers of the final date for sending invoices to the demising body  (NHS trusts/CCGs) Liaise across pre- and post-vesting dates to ensure existing EFL/ CRL targets are achieved and to manage cash at the vesting date  (NHS trusts) Ensure that arrangements have been made for the new body to have access to appropriate pigeonholes. In particular, a new cash pigeonhole will be required if there is a new organisational code  Identify the new NHS body’s likely cash position post reorganisation and prepare forecast  Arrange working capital facility if appropriate  (Foundation trusts) Prepare investment/ treasury management policy  Determine authorisation levels/controls over major cash transactions including short-term borrowing  Agree final reconciliation of bank accounts  Complete new mandate and forward to banker(s)  Set up a GBS account for the new NHS body and inform all NHS bodies of new details  Inform any non-NHS bodies which pay electronically of the new bank details  (CCGs only) Notify the NHS England cash funding team of the chief financial officer’s name, the NHS body’s address and the GBS account number  Arrange with banker and BACS to ensure continuity of existing BACS and transition to new BACS arrangements  Change bank account references on stationery (for example, receivable accounts)  Destroy old stationery including cheques/ POs. Evidence for audit purposes  Ensure that all patients’ monies and valuables are accounted for correctly and that relevant staff know how to deal with them consistently across whole body[[5]](#footnote-5)  Ensure petty cash facilities are appropriate to needs and that processes for reimbursement are amended as required  Review franking machine requirements and ensure facilities are in place  Review financial procedure notes from all bodies involved in the reorganisation. Consider whether they are fit for purpose for the new body (it may be the new body is sufficiently different to the old bodies that it needs new procedures and no procedures can be rolled over). Write and issue revised financial procedure notes  Arrange training for staff (including hospital cashiers, ward and finance staff) so that they can implement revised procedures |  |  |
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| **Payroll[[6]](#footnote-6)** | **Deadline** | **Responsible individual** |
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| Specify payroll service requirements and determine if time constraints will force a period of dual running after the vesting date  Where payroll service is not provided by a common provider for each NHS body, determine the service provider for the merged body  If applicable, discuss new arrangements with ESR and determine their information requirements and timescales  If applicable, discuss new arrangements with SBS and determine their information requirements and timescales  Continue to liaise with external providers throughout the transfer  Inform HMRC and NHS Business Services Authority (for NHS Pensions) of proposed changes  Ensure that payroll dates are understood and aligned (ensure staff are consulted where required)  Determine arrangements for payment of statutory deductions and pension contributions and other payroll deductions  Identify whether any staff belong to any other pension schemes. Contact those pension schemes and inform them of the proposed changes  Identify any staff who retired before 1995 for which payments are being made on an annual or monthly basis. Review the list of payments to ensure that it is valid and take into account when setting budgets  Arrange to have the new NHS body’s name added to payslips  Ensure arrangements are in place with the human resources team for input and maintenance of payroll details  Ensure arrangements are in place for completing final returns for predecessor NHS bodies for tax, national insurance and superannuation  Review and standardise notification systems – for example, starter, changes, termination, sickness, holidays  Liaise with human resources team regarding consultation with staff representatives where there are any changes in existing terms and conditions of service (for example, pay date, payment for overtime etc.)  Inform all staff of new pay arrangements  Ensure payroll system/ledger, personnel system interfaces are in place and operational  Inform staff of any change of tax office as a result of reorganisation  Agree arrangements for accounting/clearance of pre-vesting date payroll receivables/payables including national insurance, tax, superannuation  Convert payroll expenditure coding to any revised chart of accounts coding  Select service provider (for example, in-house, contracted out, shared services agency)  Ensure any new system is properly tested prior to going live  Ensure there is adequate liaison between the existing and new provider for handover of records to ensure a seamless transfer  Review approach to archiving and retention of old body records  Review payroll procedure notes from all bodies involved in the reorganisation. Consider whether they are fit for purpose for the new body (it may be the new body is sufficiently different to the old bodies that it needs new procedures and no procedures can be rolled over). Write and issue revised payroll procedure notes  Arrange staff training – including new starter/ leaver processes (to ensure salary overpayments avoided)  Notify the Department of Education of the reorganisation to ensure that the apprenticeship levy digital account is transferred and accessible  Liaise with the human resources team to ensure that any accreditation as a training provider is rolled over to the new organisation so the apprenticeship levy can still be accessed |  |  |
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| **Expenses** | **Deadline** | **Responsible individual** |
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| Specify requirements for system for payment of staff expenses  Review existing arrangements for calculating and paying staff expenses  Decide on method of payment (i.e. payroll or standalone system)  Identify differences in systems, develop unified procedures and policy to ensure common treatment of:   * travel expenses * training expenses * relocation * excess travel * lease cars * telephones (including mobiles) * long service awards   Liaise with human resources team regarding consultation with staff representatives where there are any changes in existing terms and conditions of service  Review and (if necessary) redesign stationery  Produce and distribute new stationery  Destroy old stationery. Evidence for audit purposes  Agree officers who will be responsible for authorising claims (refer to schemes of delegation)  Select service provider (for example, in-house, contracted out, shared services agency)  Inform all staff of revised arrangements, procedures and claim submission dates  Ensure arrangements are in place to:   * produce and submit end of year taxation returns (P11D and P60) * transfer lease car contracts to the new trust * continue lease car insurance   Review approach to archiving  Review financial procedure notes from all bodies involved in the reorganisation. Consider whether they are fit for purpose for the new body (it may be the new body is sufficiently different to the old bodies that it needs new procedures and no procedures can be rolled over). Write and issue revised financial procedure notes  Review procedures for entering into off-payroll arrangements and consider whether they are fit for purpose for the new body  Ensure that documentation (for example, copies of the HMRC checklist) relating to off-payroll arrangements is archived and available in case of an HMRC visit  Arrange staff training |  |  |
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| **Payables (creditors)** | **Deadline** | **Responsible individual** |
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| Review services provided and see if there are consolidation opportunities. Ensure that processes for tender/quotation for services are followed (combined services may change the required procedure under SFIs). Agree/ confirm combined body new tender/ quotes limits  Specify requirements for payments and determine if time constraints will force a period of dual running after the vesting date  Ensure compatibility with ordering and goods received systems  Review contracts in place and negotiate with suppliers so the new body is able to buy at the best price given to the old bodies  Ensure arrangements are in place to submit purchasing information to NHS Improvement for model hospital metrics  Identify key purchasing staff and ensure that they can continue to order supplies during the transition period  Clear all goods received not invoiced balances (GRNI) as soon as the invoice is paid. Investigate any outstanding balances  Identify payables between merged bodies for internal cancellation with equivalent internal receivable. Ensure that all balances between bodies are the same on both sides (e.g. if body A says it owes body B £500, check that body B has a receivable for £500 not £550), if there is a difference resolve it prior to the vesting date. It is likely that the annual agreement of balances of exercise will take place during the period leading up to the vesting date which should allow special attention to be paid to these balances  Identify ongoing service contracts (small contracts such as milk delivery, window cleaning as well as the more obvious such as servicing of medical equipment) and decide whether these contracts need to be terminated  Identify any service level agreements (SLAs) with other NHS bodies to determine whether those agreements should continue  Identify any penalty clauses in contracts for early termination of contracts  Review supplies team processes and ensure they are amended as required  Establish service provider (for example, in-house, contracted out, shared services agency)  Ensure payables payment system interfaces with ledger accounting  Ensure processes are in place to monitor and report on performance against the Better Payment Practice Code  Review and (if necessary) redesign stationery  Produce and distribute new stationery  Destroy old stationery. Evidence for audit purposes  Inform suppliers and users of address for invoices/queries  Determine frequency of payments and establish timetable to operate from vesting date. Harmonise payment dates if operating with two or more systems  Determine arrangements for new corporate payments, for example, PDC dividends, repayments of loans from the Department of Health  Review payables, decide on reference methodology and eliminate redundant/duplicated references  Identify common payables of merged NHS bodies and determine if payments can be consolidated  Ensure bank details are obtained and reviewed for payables paid by BACS  Determine authorisation limits and identify staff that can authorise payments. Consider whether the authorisation limits are still applicable or whether they should be changed. Obtain governing body approval of the new list  Seek to clear up all outstanding payable queries and paying as many invoices as possible prior to closure of accounts  Ensure that any balances which are carried forward to the new organisation are fully documented (assume that all of the knowledge of the history of the balance will be lost on the vesting date)  Ensure all carry forward balances are reconciled and intra-NHS body balances cleared (this is particularly important if the vesting date is not at the year end. It will be important at the year end to identify which balances relate to which NHS body)  Determine how any payables carried forward from old bodies are going to be cleared in the new body’s accounts  Review all provisions/accruals carried forward and understand the basis on which they were made. Put in place arrangements to monitor developments so the provision can be released when necessary and accruals are appropriately written off as payments are made  Review approach to archiving  Inform all users of payment systems and procedures  Review financial procedure notes from all bodies involved in the reorganisation. Consider whether they are fit for purpose for the new body (it may be the new body is sufficiently different to the old bodies that it needs new procedures and no procedures can be rolled over).  Write and issue revised financial procedure notes  Arrange staff training |  |  |
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| **Receivables (debtors)** | **Deadline** | **Responsible individual** |
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| Specify requirements for receivables system and determine if time constraints will force a period of dual running after the reorganisation date  Evaluate and compare existing systems against new NHS body requirements. Compare to other systems if appropriate  Prepare new receivables policy for credit terms, recovery, legal action, write-off, de minimis levels etc  Identify receivables between merged bodies for internal cancellation with equivalent internal payable. Ensure that all balances between bodies are the same on both sides (e.g. if body A says it owes body B £500, check that body B has a receivable for £500 not £550). It is likely that the annual agreement of balances of exercise will take place during the period leading up to the vesting date which should allow special attention to be paid to these balances  Review arrangements where payments are made by instalment and amend as required  Ensure all outstanding debts are paid prior to vesting date wherever possible  Review all receivables carried forward into the new body prior to the vesting date to ensure that:  Where the reorganisation is one to many, the appropriate new body is identified  All necessary evidence is available so that the receivable can be chased and recovered  Decide a final date for payments to be made into the ‘old’ bank accounts  Decide how historic debts from the predecessor NHS bodies will be recognised on the new ledger systems  Ensure staff are aware of new policies  Agree post-reorganisation debt recovery service if via more than one external supplier  Review NHS bodies’ receivables’ registers eliminating duplications and redundant receivables  Review and, where appropriate, write off irrecoverable debts in the books of predecessor NHS bodies (i.e. include in pre-vesting date accounts). This should be done in detail on a balance by balance basis. If the debt cannot be written off, consider whether any impairment is necessary  Inform the Compensation Recovery Unit of the reorganisation and provide them with the appropriate contact details[[7]](#footnote-7)  Review and redesign stationery – to include new VAT number and GBS/ bank account details  Destroy old stationery  Ensure all carry forward balances are reconciled and intra-NHS body balances cleared (this is particularly important if the vesting date is not at the year end. It will be important at the year end to identify which balances relate to which NHS body)  Review all prepayments and ensure that the good/service which has already been paid for is received in the future  Review approach to archiving  Review financial procedure notes from all bodies involved in the reorganisation. Consider whether they are fit for purpose for the new body (it may be the new body is sufficiently different to the old bodies that it needs new procedures and no procedures can be rolled over).  Write and issue revised financial procedure notes  Arrange staff training |  |  |
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| **Value added tax** | **Deadline** | **Responsible individual** |
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| Inform HMRC of reorganisation  If necessary, obtain new VAT registration and VAT number  Arrange submission of pre-reorganisation VAT returns  Recalculate partial exemption  Review operations and activities of the new NHS body making best use of existing recovery arrangements  Consider the adequacy of in-house expertise and whether or not external consultancy services are required  Where old bodies have used more than one consultancy service, consider the need to tender for the new service  Ensure the correct VAT number appears on all relevant stationery  Train staff and provide guidance in identification and recovery  Review financial procedure notes from all bodies involved in the reorganisation. Consider whether they are fit for purpose for the new body (it may be the new body is sufficiently different to the old bodies that it needs new procedures and no procedures can be rolled over). Write and issue revised financial procedure notes |  |  |
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| **Insurance and claims** | **Deadline** | **Responsible individual** |
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| Contact NHS Protect to inform them of NHS bodies affected by reorganisation so that all insurance cover and claims can be amalgamated and new reference numbers allocated  Contact all other insurers to inform them of the NHS bodies affected by the reorganisation so that cover can be continued and claims continue to be dealt with  Determine insurance requirements for the new NHS body and ensure portfolio of required cover is in place by the vesting date – liaise with NHS Protect in relation to clinical cover  Consider the need to go out to tender for insurance cover  Secure agreement from NHS Protect that ongoing clinical negligence claims under the CNST scheme will be honoured and ongoing cover provided  Ensure that the new body has access to all of the old body’s claims history on the NHS Protect’s extranet  Arrange insurance of any charitable fund property (including arrangements for acquisition and disposal)  Rationalise arrangements for claims management  Write and issue revised procedure notes  Arrange staff training |  |  |
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| **Non-current assets** | **Deadline** | **Responsible individual** |
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| Ensure that the appropriate dissolution, establishment and transfer orders or contractual agreements have been issued transferring the assets and liabilities (note that this applies to current assets and liabilities, not just non-current) to the new NHS body. In some cases, there will be a change to the establishment order rather than a dissolution order. Ensure that these have been appropriately filed and are available to all relevant staff  (Provider bodies) Agree approach to financial restructuring with finance leads at NHS Improvement in relation to both:   * managing the transfer of PDC balances * any additional funding for the reorganisation   Identify all property, plant and equipment in existence before the vesting date and confirm ownership  Ensure that all documentation relating to property is transferred and properly archived  Inform the Land Registry of changes of ownership  (Foundation trusts) Ensure that the register of assets used for providing Commissioner Requested Services is updated as required by NHS Improvement’s licence  Determine whether there are any legal charges[[8]](#footnote-8) on any property. Ensure that the body that holds the legal charge is informed of the reorganisation and given new contact details  Where possible, physically verify all property, plant and equipment. Where this is not possible, consider whether write-offs are required  Agree property, plant and equipment to be retained, disposed of and transferred  If different asset registers are maintained, agree a date when they will be merged onto one system  Review valuation methodologies and ensure that they are consistent. Consider whether a new valuation[[9]](#footnote-9) is required to ensure consistency of valuation  Review capitalisation policies, particularly around IT equipment and staff costs, and determine a single approach  Where there is a change in valuation methodology or capitalisation policy, agree necessary amendments and prior period adjustments with the external auditor  Ensure that the revaluation reserve is mapped/ linked to non-current assets. Where assets are disposed of, make sure that the revaluation reserve is also written out of the accounts  Determine which equipment is under warranty or has a service contract and ensure that the necessary documentation is identified and appropriately filed or archived  Review useful asset lives in the light of the merged body’s operational plan  Review values and accuracy of equipment register and write off any errors as appropriate  Review adequacy of existing asset register(s) and develop/revise/amend as necessary  Ensure system(s) can fulfil capital accounting requirements  Ensure that there is an effective policy and procedure notes for managing assets  Ensure that if the asset register is not integrated, it interfaces with the ledger system  Check inventory of all assets including those ‘non accountable’ assets below the capitalisation threshold  Identify any property income and arrange for collection of rentals  Review all existing leases and terminate/ renegotiate as necessary  Ensure that all lease documentation is properly filed and archived  Identify any leases which are held at a peppercorn rent  Identify all contracts with NHS Property Services Ltd and Community Health Partnerships. Inform them of the reorganisation  Inform lessors of equipment of the transfer to new NHS body  Ensure that partner NHS bodies involved in LIFT and/or PFI arrangements are informed of reorganisation plans and progress  Ensure that any capital schemes and PFI/ LIFT projects are identified and agreements/paperwork etc. retained  Review financial procedure notes from all bodies involved in the reorganisation. Consider whether they are fit for purpose for the new body (it may be the new body is sufficiently different to the old bodies that it needs new procedures and no procedures can be rolled over). Write and issue revised financial procedure notes  Arrange staff training |  |  |
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| **Current assets and liabilities** | **Deadline** | **Responsible individual** |
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| Map the statement of financial position for all bodies to identify any intra-body balances and eliminate them  Review all payable/ receivable balances. Make sure that outstanding/ disputed balances are recorded along with supporting information  Write off debts, write back payables to pre-reorganisation period where appropriate  Verify and agree accounting treatment of pre-vesting date balances including carry forward  Identify any assets/ liabilities that have a significant impact on post-vesting date cash – for example, early retirements, redundancies. Agree accounting treatment  Ensure all control account reconciliations have been completed. Document any reconciling balances in full so that they can be followed up  Reconcile opening balances to pre-vesting date accounts of predecessor NHS bodies in both the published accounts and any submission schedules  Identify all inventory held by all bodies (including ward stocks which may have been expensed)  Review stocktake procedures in the affected bodies. Ensure that the final stocktakes are undertaken on a consistent basis  Verify inventory balances/ values on transfer  Review financial procedure notes from all bodies involved in the reorganisation. Consider whether they are fit for purpose for the new body (it may be the new body is sufficiently different to the old bodies that it needs new procedures and no procedures can be rolled over). Write and issue revised financial procedure notes  Arrange staff training |  |  |
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| **Annual report and accounts[[10]](#footnote-10)** | **Deadline** | **Responsible individual** |
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| Maintain systems to enable the parallel preparation of pre-reorganisation annual report and accounts for all predecessor NHS bodies  Review guidance from all appropriate regulatory bodies to ensure that all of the necessary documents are produced in the correct format. This includes:   * the governance statement * the remuneration report * staff report * quality report[[11]](#footnote-11)   An ‘annual’ report and accounts must be produced for each NHS body up until the date of dissolution. Where a reorganisation occurs part way through a financial year, ensure that part-year accounts are prepared  Ensure that governance statements are prepared which cover all of the financial year. These will include head of internal audit opinions for the whole of the financial year (several statements and opinions may be required to cover the whole of the financial year)  Where part-year accounts are prepared ensure that all intra-NHS balances are agreed with counter parties (this may be difficult if the period end does not coincide with a national agreement date but it is worth doing at the time to make the year end process smoother)  Review all reserves in old bodies’ accounts to determine whether they will be carried forward to the new body. Where they are carried forward ensure that there is sufficient documentation of the basis for the establishment of the reserve  Produce and agree a timetable for completing all sets of annual report and accounts. This timetable should cover the whole of the process including the agreement of balances exercise, the annual report, governance statement, accountable/ accounting officers’ statements and audit as well as the preparation of the accounts  Identify key staff and their responsibilities  Plan for absence of key staff and consider the need to use temporary staff  Obtain commitment from all merging/demising NHS bodies to completion of accounts  Determine what assurances the continuing bodies governing bodies will want from the demising bodies’ governing bodies and put in place arrangements to receive those assurances  Brief the relevant governing bodies and audit committees on their responsibilities in relation to the demising bodies’ annual accounts (the continuing bodies’ committees will have to sign off the demised bodies’ annual report and accounts)  Ensure that the continuing body signs off the accounts of all demised NHS bodies  Ensure that there are clear arrangements for producing the annual report and accounts and holding the AGM for all bodies (including those which have demised during the year), where necessary  Agree an audit schedule and timetable for working papers production with the external auditors (the auditors of the demised bodies will audit the final annual report and accounts for that body)  Where there are several auditors involved, co-ordinate the audit schedules and timetables with the different auditors  Identify all bodies that provide information which is required in the annual report and accounts (this will include shared service providers as well as organisations such as the NHS Business Services Authority)  Arrange for the receipt of the necessary assurances, usually in accordance with the International Standard on Assurance Engagements number 3402 (ISAE 3402), in relation to key systems  Review the assurances to identify any weaknesses which may impact on the audit report  Discuss with all auditors what third-party assurances they will require and arrange for those to be provided by the appropriate auditor  Review and address any inconsistencies in accounting policies or estimation techniques between NHS bodies  Review accounts preparation processes at each of the old bodies and identify inconsistencies. Particularly consider the use of journals at the period or year end, for example, whether permanent or reversing are used. Ensure that the appropriate action is taken to roll balances forwards once and only one. Do not assume that all bodies involved in the reorganisation take the same approach to period and year end journals  Ensure that all closing balances are appropriately rolled forward. Undertake a reconciliation between closing and opening balances to ensure that no balances are ‘lost’ in the reorganisation |  |  |
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| **Financial ledger** | **Deadline** | **Responsible individual** |
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| Establish the requirements of the new NHS body for a single ledger system  Ensure all staff have appropriate access to both the old body’s ledgers and the new  Ensure access is properly transferred and working practices are communicated  (CCGs) Ensure that the necessary arrangements for access to ISFE have been made (access will be required to old body as well as new body ledgers)  Determine whether any decision about the future ledger forms part of a broader strategy for integrated financial systems  Undertake a detailed review of suspense codes and clear them as necessary  Undertake a detailed review of control codes and delete them as necessary  Determine whether time constraints will force a period of dual running after the vesting date  Review existing ledger systems and charts of accounts to establish commonality, functionality and scope for integration  Evaluate the current chart of accounts against statutory annual accounting guidance and management reporting requirements, including reporting to the governing body and regulators  Where possible, provide integrated financial reports to the governing body before the vesting date or move all bodies towards the use of the same reporting template ahead of vesting date  Identify archive requirements and ensure that data/information is extracted and stored in an easy to access format. This also applies to all feeder systems to the ledger  Evaluate options to meet needs (for example, procure new, migrate to single existing system)  Select suitable system  Ensure superseded system(s) are maintained to enable the production of annual accounts for the accounting period prior to reorganisation  Evaluate ability to interface with other potential systems (for example, payroll, payables, receivables, personnel, BACS, contracting, supplies, capital systems)  Design a revised chart of accounts, test and install  Consider whether a completely revised chart of accounts is required for the new body or whether the old bodies’ charts can be merged. Understand the advantages and disadvantages of each approach  Establish control procedures (for example, passwords, journal input etc)  Define and set up standard reports for budgetary, statutory and management reporting  Ensure applicable coding structure is notified to all users  Ensure all required interfaces are in operation  Ensure arrangements are in place for the transfer of closing balances from the old to the new system  Produce a timetable for ledger close-down  Ensure full testing and parallel running if possible  Have a contingency plan prepared and ready for implementation  Ensure proper and effective communication/controls are in place between multi-site/location finance teams  Review financial procedure notes from all bodies involved in the reorganisation. Consider whether they are fit for purpose for the new body (it may be the new body is sufficiently different to the old bodies that it needs new procedures and no procedures can be rolled over). Write and issue revised financial procedure notes  Arrange staff training |  |  |
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## SECTION D: CHARITABLE FUNDS[[12]](#footnote-12)

| **Charitable funds[[13]](#footnote-13)** | **Deadline** | **Responsible individual** |
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| Ensure the appropriate transfer order/ Statutory Instruments enabling transfers has been secured[[14]](#footnote-14)  Determine how the charitable funds of the old body are being transferred to the new and determine the appropriate accounting treatment depending on the substance of the transaction  Obtain full details of all funds (i.e. their purpose)  Consider trustee arrangements for the charitable funds (remain a corporate trustee arrangement or move to an independent charitable fund)  Check registration requirements with the Charity Commission and comply with them  Ensure that all documentation has the correct Charity Commission registration number on it  Where there is a corporate trustee, consider whether the merger has an impact on the materiality of the charity in relation to the NHS body. Determine whether the charitable funds need to be consolidated or not  Where there has been a change in consolidation arrangements[[15]](#footnote-15), discuss the impact with NHS Improvement  Ensure the structure of investments accords with charities investments legislation  Rationalise bank account arrangements  Close as many bank accounts as soon as possible  Ensure arrangements are in place to complete pre-vesting date accounts  Arrange transfer of stock certificates to new charity name, including any held by a nominee service[[16]](#footnote-16)  Agree arrangements for obtaining investment advice including an appropriate committee to monitor and report to the NHS charity’s trustees  Ensure arrangements are in place for managing investments – for example, establish a pooled investment vehicle, tender for investment advisers or appoint a firm for a period, say two years, then subject to tender  Where needed, identify fund advisers to manage funds  Determine an investment policy – for example, restrictions on investments to tobacco firms  Advise those involved of their responsibilities as trustees  Determine expenditure limits, authorising officers and uses of funds  Determine reporting requirements  Review financial procedure notes from all bodies involved in the reorganisation. Consider whether they are fit for purpose for the new body (it may be the new body is sufficiently different to the old bodies that it needs new procedures and no procedures can be rolled over). Write and issue revised financial procedure notes  Arrange staff training |  |  |
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## SECTION E: FINANCIAL MANAGEMENT

| **Financial planning** | **Deadline** | **Responsible individual** |
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| Establish financial outturn for all NHS bodies prior to the vesting date  Consult with NHS Improvement/ NHS England to:   * agree new control totals for new bodies * determine performance against previously agreed control totals * agree whether a new annual plan is required   (Providers bodies) determine how much of the sustainability and transformation fund (STF) is available to the new body and the financial and performance conditions attached to it  Review the cost improvement programmes (CIPs) of all of the affected NHS bodies and determine a new programme for the new body  Identify existing financial commitments of all NHS bodies  Identify and remove any inter-NHS body trading, receivables and payables  Formulate a financial plan in line with current best practice and submit to the governing body  Develop new financial reporting arrangements for the merged body. Where possible, move towards a common reporting approach prior to the vesting date |  |  |
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| **Budgeting** | **Deadline** | **Responsible individual** |
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| Agree process and timetable for establishing base budgets (both revenue and capital)  Ensure that budgets are set taking into account the new body’s aims, objectives and business plans  Review budgeting assumptions and consider if they are still valid following the reorganisation  Identify and appoint budget managers/holders  Prepare base budgets  Discuss and agree provisional base budgets with budget holders  Amend budgets to reflect any changes in activity and resources resulting from discussions with commissioners/ providers  Discuss and agree any changes to proposed base budgets with budget holders  Obtain approval of base budgets from the governing body  Notify budget holders of approved base budgets and activity levels  Review and update the budget manual and budgetary control policy and procedures  Agree format and content of budget holder reports  Ensure that budget holders are aware of their budget responsibilities and arrange training as necessary |  |  |
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| **Commissioning/ contracting** | **Deadline** | **Responsible individual** |
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| Examine the existing approach to contracting (for example, coverage of national tariff, contract types)  Identify all contractual commitments (with commissioners/providers, leases, PFI schemes) at the vesting date and determine whether the new body is required to honour those commitments  Establish an approach to contract negotiation and monitoring for the new NHS body  Establish a lead for the agreement and management of contracts for the new merged NHS body and agree with purchasers the arrangements for negotiation  (Providers only) Apply to the NHS Improvement pricing team for calculation of a new MFF value for the new trust, in accordance with the latest guidance[[17]](#footnote-17)  Ensure that there are rigorous contract monitoring and management arrangements for the merging NHS bodies in the pre-reorganisation period  Ensure that all contractual disputes are documented and have appropriate ownership prior to the reorganisation  Determine the arrangements in the new body for resolving all disputes, including those carried forward from the old bodies  Identify all risk share/ gain share arrangements which are in place prior to the reorganisation to ensure that they are either terminated or continued after the reorganisation  Identify all of the pooled budget arrangements (s75 agreements) that the old bodies are party to and ensure that they are either terminated or the agreements are revised to allow them to be continued by the new body  Model purchase activity profiles against existing information  Model the financial impact of the anticipated contracts on each commissioner (CCGs and NHS England) and review the financial constraints, risks and performance incentives/disincentives which may arise  Hold discussions with providers/commissioners  Assess income levels expected under national tariff (including the revised MFF) as well as other contracts and the impact on budget setting |  |  |
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| **Financial monitoring** | **Deadline** | **Responsible individual** |
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| Review existing arrangements for reporting on finances during the year in all NHS bodies – select best aspects from all reports to board  Identify appropriate interim reporting arrangements to ensure that financial control remains a priority  Establish governing body reporting requirements and timescales  Establish a system to deliver appropriate financial reports in support of the revised management arrangements  Develop relevant pro formas  Ensure that arrangements are in place for submitting monitoring returns for the new NHS body  Complete monthly monitoring returns for the new NHS body  Complete outturn reports for continuing NHS bodies and reconcile with annual accounts  Input financial element into continuing NHS bodies’ annual reports |  |  |
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| **Costing and reference costs** | **Deadline** | **Responsible individual** |
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| Review existing costing systems, data feeds and national data collection return arrangements and determine best practice going forward  Review existing costing procedures and working practice guidance in all bodies. Consider whether they are fit for purpose for the new body and meet the requirements of the NHS Improvement costing standards[[18]](#footnote-18) for England. Identify any inconsistencies between approaches and determine the most appropriate approach for the new body  Write and issue revised costing procedure notes  Collate all national cost collection returns (reference costs and/ or PLICs) for the old bodies and any reports (external and internal) on the costing systems to undertake due diligence on the arrangements[[19]](#footnote-19)  Identify appropriate interim reporting arrangements to ensure that costing and national cost collection returns remain a priority  Establish governing body reporting requirements and timescales  Establish a system to deliver appropriate financial reports in support of the revised management arrangements  Develop relevant pro formas  Ensure that arrangements are in place for submitting national cost collection returns for the new NHS body  Complete necessary returns for the new NHS body |  |  |
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## SECTION F: FINANCE STRUCTURES AND STAFFING

The finance team will have a more general input into NHS body and management structures as well as costing those revised staffing structures. If possible, and both chief financial officers agree, it is useful to swap staff between the old NHS bodies before the vesting date. This will help with integration and understanding of the differences in systems, controls and approaches. It is also a good way of identifying good practice that can be carried forward to the new NHS body. In the period prior to reorganisation the use of temporary contracts/ agency staff should be considered. This is often essential as the uncertainty that accompanies reorganisations tends to lead to a loss of staff.

| **Finance structures and staffing** | **Deadline** | **Responsible individual** |
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| Appoint a chief financial officer  Identify interim management arrangements where required. This will depend on the time available prior to the vesting date  Determine the role and responsibilities of the finance function within the new management structure  Develop the structure of the new finance function based on its new role and responsibilities (do not assume that the new finance function will require the same people with the same skill sets as the old and do not do this with particular members of staff in mind. Assume that staff will leave as a result of the reorganisation)  Produce a finance team structure to meet its identified role within agreed management cost envelope, including CIPs requirements  Agree how functions should be provided – for example, in-house, contracted out, shared services agency  Compare proposed staff numbers/costs with existing establishment against any targets set  Discuss the proposed structure with staff  Obtain the approval of the chief executive and governing body to new structure  Prepare job descriptions, Knowledge Skills Framework (KSF) and arrange for grading under Agenda for Change  Liaise with the human resources team over implementing changes and consultation with staff representatives in line with agreed organisational change policies  Check that the organisation’s management of change policy is up to date and the proposed changes comply with it  Liaise with the human resources team over any redundancy or early retirement programmes to ensure that they have been appropriately costed and provided for  Appraise existing staff and match to structure  Identify ‘at risk’ staff in all bodies and arrange one to one discussions  Identify all staff on inward or outward secondment and determine whether that arrangement should continue or be terminated  Arrange outplacement counselling, CV refresher courses and Employee Assistance Programmes for staff  Identify and address any salary differences, including part time proposals  Appoint staff  Issue new contracts of employment  Agree objectives with staff  Review agency and off-payroll arrangements to ensure that they are consistent  Review existing systems, data feeds and national data collection return arrangements in relation to agency and consultancy staff costs and determine best practice going forward  Identify training needs arising from the reorganisation  Agree revised personal development plans, induction programmes and KSFs as necessary  Arrange a programme of training to meet identified needs  Agree timings and organise hand-over of work based on the new staffing structure  Inform all internal and external contacts of revised structure and responsibilities of individuals |  |  |
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## SECTION G: INFORMATION AND COMMUNICATIONS

| **Information technology systems** | **Deadline** | **Responsible individual** |
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| Identify and standardise software needs – for example, adopt common spreadsheet/ word processing applications  Identify all software licences held, identify any early termination penalty clauses, rationalise licences  Identify hardware needs, standardise and purchase new equipment  Identify and dispose of surplus equipment securely (risk of old IT kit not being wiped properly/ ending up on eBay!)  Ensure that security access issues are resolved  Ensure back-up arrangements are in place  Review any bureau arrangements, place on service level agreement basis  Check that all finance/external system interfaces are operational (for example, BACS, payroll)  Develop a policy on use of work computers and communicate the new policy to employees |  |  |
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| **Communication and information flows** | **Deadline** | **Responsible individual** |
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| Ensure communication links and networks are in place and working – for example, email, links with other bodies  Compile and circulate finance staff directory, mailing and distribution lists to all users  Review and harmonise all standard documents and stationery  Ensure staff are fully informed of all changes  Ensure that other NHS bodies are informed of all changes – for example, agreement of balances contacts are updated  Notify all regulatory bodies of changes to email contacts – for both the old and the new bodies (both will need to be contacted in relation to the closedown of the accounts of the old bodies as well as the accounts of the new)  Create common filing systems and agree standard office systems  Establish routine briefing and other departmental meeting arrangements  Update finance team business plan and circulate |  |  |
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| **Non-financial information[[20]](#footnote-20)** | **Deadline** | **Responsible individual** |
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| Identify all systems for collecting non-financial information. For example, the quality metrics reported in the quality account/ quality report, data collected for national returns such as the ERIC returns, data required for model hospital metrics or RightCare data packs  Specify requirements for each material system and determine if time constraints will force a period of dual running after the reorganisation date  Ensure that arrangements are in place to avoid any data being lost when systems are changed  Review existing systems, data feeds and national data collection return arrangements  Evaluate and compare existing systems against new NHS body requirements. Compare to other systems if appropriate  Review existing procedures and working practice guidance in all bodies. Consider whether they are fit for purpose for the new body and meet the requirements of any external bodies such as NHS Improvement, NHS England and NHS Digital. Identify any inconsistencies between approaches and determine the most appropriate approach for the new body  Write and issue revised procedure notes  Ensure staff are fully informed of all changes |  |  |
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## SECTION H: TENDERING FOR SERVICES

| **Tendering for services** | **Deadline** | **Responsible individual** |
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| Consider the impact of the EU procurement directives on the new body (if it is a larger body than its predecessors, its contracts may be of a higher value so the EU procurement directive thresholds may breached for the first time)  Prepare service specifications  Prepare draft tender and contract documents  Identify potential service providers  Establish tender evaluation criteria and procedures  Invite tenders  Undertake initial tender evaluation  Arrange interviews and presentations  Appoint service provider  Agree implementation timetable  Arrange post-implementation review |  |  |
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## SECTION I: BUSINESS COMBINATION SPECIFIC COSTS

| **Business combination specific costs** | **Deadline** | **Responsible individual** |
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| Identify those costs which will be incurred directly as a result of the reorganisation, such as:  Training and new organisational induction   * branding * signage * uniforms * contract termination costs * website costs * rewriting and reprinting corporate publications   Ensure that the relevant costs are included in the new body’s budget  Where necessary, tender for contracts  Identify appropriate budget managers and ensure that they understand their responsibilities  Identify the indirect costs of the reorganisation – for example, managers’ time in integration meetings. Assess this cost and determine whether additional resource is required to ensure that the day to day work is not neglected  Identify the day to day work which does not need to be done as a result of the reorganisation (for example, staff working at a demising body do not need to prepare financial plans as this will be done by the new body) and ensure that this time is being used productively |  |  |
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1. All NHS bodies are required to have a remuneration committee and an audit committee. It is for the body to decide what other sub-committees, if any, are required. [↑](#footnote-ref-1)
2. <https://digital.nhs.uk/organisation-data-service> [↑](#footnote-ref-2)
3. Before the decision to reorganise is made there will be a due diligence process. However, experience shows that once the decision is made the finance departments need to undertake a detailed, line by line due diligence on all affected bodies’ accounts. This will be particularly important where an NHS body is being split between continuing bodies as it will be vital that the accounts can be split appropriately. The advice is to start this work as soon as possible, before the vesting date. The work should be done by finance staff in all of the bodies affected by the reorganisation working in a coordinated manner. [↑](#footnote-ref-3)
4. Read the findings of the Quality Assurance Department reviews of 2014-15 audits of NHS foundation trusts in relation to part year accounts - <https://improvement.nhs.uk/resources/review-audits-nhs-foundation-trusts/> [↑](#footnote-ref-4)
5. For detailed guidance on patients’ monies, see Practical guide - patients’ monies and belongings, HFMA, 2017 [↑](#footnote-ref-5)
6. The human resources team should be closely involved in all stages of the process when establishing payroll arrangements for the new NHS body. Indeed it may be that the human resources director has responsibility for payroll, in which case the finance team needs to be closely involved with him or her. [↑](#footnote-ref-6)
7. [www.gov.uk/government/publications/nhs-injury-cost-recovery-scheme](https://www.gov.uk/government/publications/nhs-injury-cost-recovery-scheme) [↑](#footnote-ref-7)
8. A legal charge will often arise when a third party provides finance to purchase a property. That third party will be entitled to some of the sale proceeds in the event that the property is sold. [↑](#footnote-ref-8)
9. There is no automatic requirement for a revaluation of non-current assets as a result of a reorganisation. However, if valuation methodologies are different or the reorganisation causes changes to useful economic lives then a revaluation may be required. [↑](#footnote-ref-9)
10. Consult the latest guidance on the Department of Health’s website ([www.gov.uk/government/collections/department-of-health-group-accounting-guidance](https://www.gov.uk/government/collections/department-of-health-group-accounting-guidance)) for detailed advice on accounting issues. [↑](#footnote-ref-10)
11. This list is not exhaustive. It should be noted that some of these reports, for example the quality report, cover a full year so arrangements need to be put in place to ensure that the necessary information and assurance is available for the full year [↑](#footnote-ref-11)
12. This checklist assumes that there is a corporate trustee arrangement. Where there are independent trustees consult the Charity Commission [↑](#footnote-ref-12)
13. For more details about charitable funds see NHS Charitable Funds: a Practical Guide, HFMA, 2015. [↑](#footnote-ref-13)
14. It is unlikely that a transfer order or Statutory Instrument will be required – see section 3 of the Department of Health’s guidance on NHS funds held on trust [www.gov.uk/government/uploads/system/uploads/attachment\_data/file/640425/NHS\_Funds\_held\_on\_Trust\_FINAL.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/640425/NHS_Funds_held_on_Trust_FINAL.pdf) [↑](#footnote-ref-14)
15. This may be due to a change in materiality levels or may be due to different trustee arrangements between the NHS bodies involved in the reorganisation, for example, one of the NHS bodies may be a corporate trustee while the other has an independent charity (previously a special trustee or s151 trustee arrangement) [↑](#footnote-ref-15)
16. There is no requirement to sell all of a charity’s investments prior to transfer but it may be considered as a simpler approach to transferring stocks and shares [↑](#footnote-ref-16)
17. See [https://improvement.nhs.uk/uploads/documents/Guidance\_on\_the\_market\_forces\_factor\_caqqjIe.pdf](https://improvement.nhs.uk/uploads/documents/Guidance_on_the_market_forces_factor_caqqjIe.pdf%20) t [↑](#footnote-ref-17)
18. <https://improvement.nhs.uk/resources/approved-costing-guidance/> [↑](#footnote-ref-18)
19. See the findings from NHS Improvement’s *Reference cost assurance programme* 2015/16 <https://improvement.nhs.uk/uploads/documents/NHSI_RCA_Sector_Report_-_final.pdf> [↑](#footnote-ref-19)
20. Non-financial systems may not be within the remit of the finance department, it will depend on whether the director of finance also has IT responsibilities. [↑](#footnote-ref-20)