



HM Treasury

Consultation:
Revisions to the Government
Financial Reporting Manual 2020-21

September 2019

Consultation:
Revisions to the Government Financial
Reporting Manual 2020 - 2021



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Chapter 1: Introduction and consultation questions

HM Treasury is consulting on revisions to the Government Financial Reporting Manual (FReM), which provides statutory guidance for government bodies preparing annual reports and accounts. The revisions have been proposed in light of the government financial reporting review and a thematic review of the Statement of Parliamentary Supply (SoPS) and are intended to improve both reporting in annual reports and accounts and supporting guidance for preparers. Further context on the FReM and reviews is provided below.

The revised FReM has been published alongside this consultation, as the FReM 2020-21 exposure draft. A full amendment log detailing and explaining the changes made to the 2020-21 FReM can also be found in the annex of this document. Respondents should refer to both the exposure draft and amendment log to understand the changes proposed and the rationale supporting them.

This consultation will run for six weeks from 13 September 2019, closing on Friday 25 October 2019.

HM Treasury invites and welcomes responses to the questions detailed below. Please send responses to Resource.Accounts@HMTreasury.gov.uk.

The consultation is divided into two further chapters. Chapter 2 deals with revisions to the FReM resulting, largely, from the government financial reporting review. Chapter 3 deals with revisions to SoPS reporting resulting, largely, from the SoPS thematic review and details the proposed changes in a greater level of detail, given these were not otherwise discussed as part of the government financial reporting review.

The FReM

The FReM is the statutory guidance for government bodies preparing annual reports and accounts. It:

- sets out principles for financial reporting;
- gives guidance on performance reporting and the accountability disclosures for government bodies;
- adopts and interprets International Financial Reporting Standards for use in the UK public sector; and
- gives further guidance as necessary, for example relating to the preparation and publication of the UK Whole of Government Accounts.

HM Treasury publishes and updates the FReM on an annual cycle, overseen by the independent Financial Reporting Advisory Board (FRAB).

Each edition of the FReM relates to a financial reporting period running from April until the end of the following March. The FReM must be published by the end of December in the year before the start of the financial reporting period to which it relates.

The 2020-21 FReM will therefore be published in December 2019.

The government financial reporting review

In April 2019, HM Treasury published '[The government financial reporting review](#)'.

This review assessed progress since recommendations for improvements to government annual reports and accounts were made in the 2014 simplifying and streamlining project.

It also considered the issues and recommendations raised by the Public Administration and Constitutional Affairs Committee's (PACAC's) 'Accounting for democracy' reports in 2017 and 2018.

In response, HM Treasury made a number of commitments to improve government financial reporting, including a review of the FReM overseen by FRAB.

The timing of the FReM review is constrained by the statutory guidance update cycle. In order to both make changes as quickly as possible, and to allow time for a more thorough assessment of how well the FReM is supporting departments, HM Treasury has chosen to split the review into two phases.

The proposed improvements to the 20-21 FReM in this consultation are the culmination of phase I of the FReM review.

The second phase of the review will pick up on any outstanding issues, but otherwise focus more on the style and structure of the FReM as a piece of guidance. Changes will be made to the 21-22 FReM.

SoPS thematic review

The SoPS is a key accountability statement, which compares year end outturn to the Supply Estimate that Parliament has provided statutory authority for an entity to spend against. If an entity's outturn exceeds its Estimate, it has incurred spend without Parliamentary approval, and therefore deemed irregular, which may result in a qualification of the audit opinion of the accounts.

HM Treasury committed to undertake regular thematic reviews in the government financial reporting review, in order to continually monitor and improve government reporting. The SoPS was chosen as an area for thematic review following feedback that the SoPS was both difficult to prepare and difficult for users to understand. In addition to which, SoPS guidance was last reviewed in detail in 2014 and required updating.

The review is currently ongoing and will be published by the end of the 2019/20 financial year. The changes proposed and detailed in chapter 3 reflect work carried out to date, including a desktop review of over 30 annual reports and accounts, discussions with stakeholders and internal evaluations.

Consultation questions

Question 1: Is this the right approach to helping users navigate the FReM? Please include any suggestions for additional or alternative ways to make the guidance more accessible.

Question 2: Does the revised Introduction give the right level of information to help users understand the nature and purpose of the FReM? Please include any suggestions for material that could be added, rearranged, or removed.

Question 3: Does this chapter include everything that you would expect to see in a review of the purposes and principles that apply to all government financial reporting? If not, please give details on what you would add.

Question 4: Are there any sections in this chapter that you feel are not necessary, or are given undue weight?

Question 5: Is the 'comply or explain' principle introduced in a way that is relevant for government financial reporting, enabling its application?

Question 6: Is there anything missing from this chapter that you would like to see included to support good narrative in financial reporting? Please provide any links or references that might prove useful.

Question 7: Does this new Chapter 4 effectively bring together different sections of the FReM in a useful way? Is there anything else that should be included in the chapter?

Question 8: Are any of these elements confusing, or no longer useful? If you would like to see anything removed or reworded, please give reasons.

Question 9: Do you agree with updates made to 5.1 – 5.3 of the FReM, covering the purpose and principles underpinning the performance report and the performance overview? Is there anything else you believe is missing from this guidance?

Question 10: Is the drafting of mandatory requirements (in 5.4) clear and is there anything else that should be mandated to improve performance reporting?

Question 11: Do you agree with the comply or explain requirements and best practice recommendations detailed in the performance analysis section (5.4)? Are there any further requirements or recommendations you believe should be included?

Question 12: Does Chapter 6 include all the necessary guidance that applies to the accountability report?

Question 13: Are any of these elements confusing, or no longer useful? If you would like to see anything removed or reworded, please give reasons.

Question 14: Chapter 6 provides a link to the newly published Cabinet Office staff turnover disclosure guidance. Is the link alone sufficient to support the meaningful disclosure of staff turnover in government annual reports and accounts?

Question 15: Would it be helpful to include further details about the risk disclosure requirements in the Corporate Governance Code and the Orange Book in the FReM? Please include any specific suggestions you have for the guidance.

Question 16: Does Chapter 7 include all the necessary high level guidance that applies to the financial statements?

Question 17: Are any of these elements confusing, or no longer useful? If you would like to see anything removed or reworded, please give reasons.

Question 18: Are there any style or substance changes that you would like to see made to Chapters 8 to 13? If you would like to see anything added, removed, or reworded, please give reasons.

Question 19: Are there any style or substance changes that you would like to see made to Annexes 2-5? If you would like to see anything added, removed, or reworded, please give reasons.

Question 20: What is your own view on the above findings on SoPS reporting and do you think it achieves its objectives as an accountability statement?

Question 21: Do you agree and are you content for the changes to SoPS reporting and the supporting guidance to be introduced as part of the 19-20 FReM?

Question 22: Please detail whether you have any preference between the options a) to c) above, providing reasons why. In addition, please provide any alternative titles you would prefer (taking note of the terms that should be included in the title)?

Question 23: Do you agree with the new requirements detailed above (please provide reasons if you do disagree) and do you think any of the requirements should instead be recommendations or comply or explain requirements and do you have any comments on the FReM drafting?

Question 24: Do you agree with adjustments proposed to SoPS reporting, detailed above, and any comments on the 19/20 FReM drafting?

Question 25: Do you agree with the recommendations and updates to guidance, detailed above and any comments on the 19/20 FReM drafting?

Question 26: Are there any further changes to the SoPS that you would propose, bearing in mind the requirement to match the Supply Estimates and the further changes proposed to the performance report?

Chapter 2: Proposed revisions to the FReM

This chapter first covers the new structure of the FReM, before dealing with the new and updated chapters in turn.

The structure of the FReM

The FReM consists of layers of guidance, each of which has a different scope and purpose. To make it easier to navigate, the revised 20-21 FReM introduces four parts, subsequent to the introduction in chapter 1. The four parts and the chapters they contain are as follows:

	Chapter 1 - Introduction
	Part A: Principles, purpose, and best practice of government financial reporting
	Chapter 2 – Government financial reporting principles
	Chapter 3 – Best practice in narrative reporting
	Part B: The form and content of government annual reports and accounts, including
	Chapter 4 – The annual report and accounts
	Chapter 5 – The performance report
	Chapter 6 – The accountability report
	Chapter 7 – The financial statements
	Part C: Applying accounting standards to government annual reports and accounts, including
	Chapter 8 – Adopting and interpreting IASs and FIRSs
	Part D: Further guidance for government annual reports and accounts, including
	Chapter 9 – Further guidance on accounting boundaries
	Chapter 10 – Further guidance on accounting for assets and liabilities
	Chapter 11 – Further guidance on accounting for income and expenditure
	Chapter 12 – Further guidance on accounting for pensions
	Chapter 13 – Whole of government accounts

Question 1: Is this the right approach to helping users navigate the FReM? Please include any suggestions for additional or alternative ways to make the guidance more accessible.

Chapter 1: Introduction

The first chapter of the FReM has been refined for readability, so that it focuses entirely on the nature of the FReM itself. It now covers the purpose, structure, update cycle, and audience of the FReM.

More detailed guidance on accounting boundaries and budgetary controls have been moved to the new Chapter 4, which collects all of the guidance that applies to public sector annual reports and accounts as a whole.

Question 2: Does the revised Introduction give the right level of information to help users understand the nature and purpose of the FReM? Please include any suggestions for material that could be added, rearranged, or removed.

Part A: Principles, purpose, and best practice of government financial reporting

Chapter 2: Government financial reporting principles

This new chapter introduces, for the first time, the four purposes of government financial reporting, identified by PACAC in their 'Accounting for democracy' reports.

The new Chapter 2 applies to all government financial reporting, not just the annual report and accounts.

Each of the four purposes relates to the needs of a different report user. The chapter therefore discusses the importance of user engagement. It also clarifies that, for annual reports and accounts, the needs of Parliament as the primary user take precedence.

Section 2.6 then sets out the principles that will help preparers of reports meet the needs of users. These are drawn directly from 'The government financial reporting review' and illustrated with three graphics.

One of the newly discussed principles is the 'comply or explain' approach to guidance. This approach enables a relevant authority to strongly encourage entities to follow a requirement, while giving them flexibility to opt out and ensuring transparency if they do. It is therefore a valuable tool for balancing the need for consistency with the need for entities to tell their own stories.

Some of the content in chapter 2 is similar to ground covered by the existing Chapter 2: Accounting principles. The scope of this new chapter is much broader, however, and the detail on accounting principles for annual reports and accounts has therefore been moved to the new Chapter 4.

Question 3: Does this chapter include everything that you would expect to see in a review of the purposes and principles that apply to all government financial reporting? If not, please give details on what you would add.

Question 4: Are there any sections in this chapter that you feel are not necessary, or are given undue weight?

Question 5: Is the 'comply or explain' principle introduced in a way that is relevant for government financial reporting, enabling its application?

Chapter 3: Best practice in narrative reporting

In the government financial reporting review, HM Treasury found a wide range of examples of good practice in narrative reporting. This new chapter takes lessons from those good examples and gives guidance to help preparers across government improve reporting.

Links to a range of resources on better narrative reporting have been provided in Annex 5

Question 6: Is there anything missing from this chapter that you would like to see included to support good narrative in financial reporting? Please provide any links or references that might prove useful.

Part B: The form and content of government annual reports and accounts, including

Chapter 4: The annual report and accounts

To improve ease of reference, a new chapter has been created bringing together different sections of the existing FReM, all of which relate to the annual report and accounts as a whole.

It consists of:

- Elements from the existing Chapter 1, Introduction, that deal with budgetary controls and applying accounting principles to different kinds of bodies (i.e. charities, trading funds, etc).
- The existing Chapter 2, Accounting principles.
- The high level elements of the existing Chapter 4, Accounting boundaries.
- The elements of the existing Chapter 5, Form and content of the annual report and accounts, that apply to the whole of the annual report and accounts. These include accounting boundaries, principles, and report publication.

These sections have been edited to make the language more accessible, but are otherwise unchanged.

Question 7: Does this new Chapter 4 effectively bring together different sections of the FReM in a useful way? Is there anything else that should be included in the chapter?

Question 8: Are any of these elements confusing, or no longer useful? If you would like to see anything removed or reworded, please give reasons.

Chapter 5: The performance report

Chapter 5 has been extensively revised and contains substantive changes to reporting requirements. The performance report is a key section of the annual reports and accounts, that should provide the user with a complete understanding of the reporting entity and how it has performed. Given its importance and to meet the objectives of government financial reporting laid out in chapter 2 of the FReM, reporting requirements on progress against goals, structure, risk, key information and financial performance have all been strengthened.

The majority of the changes to performance reporting guidance incorporates both recommendations arising from the government financial reporting review and guidance issued in separate PES papers.

In addition, the SoPS review, discussed in Chapter 3 below, has highlighted that new performance reporting requirements would complement improved SoPS reporting.

The purpose, principles and overview of the performance report

New sections have been drafted on the purpose and principles underpinning the performance report, to stress its importance, to incorporate guidance in the separate PES papers and to link to the guidance already provided in the principles and best practice chapters (chapters 2 and 3 of the FReM).

Guidance on the performance overview is substantially unchanged. A desktop review of ARAs indicated that most entities prepared an effective performance overview section. However, the guidance has been expanded to better align the section to the performance analysis.

Performance analysis

This section is substantially revised and incorporates a number of new requirements. The guidance is broken down into three sections: mandatory, comply or explain and best practice (comply or explain being the principle outlined in chapter 2 of the FReM, where a preparer must either comply with the requirement or explain why they have not). Given the number of requirements and variance in how they should be applied, this structure was considered clearest.

Mandatory requirements include reporting on progress against single department plans or other organisational objective (where the entity has no single departmental plan), as well as carrying forward existing requirements. The requirement to report on progress against single departmental plan is incorporated from the *Additional guidance on the preparation of annual reports and accounts* PES paper and is only new in so far as it has been incorporated into the FReM. The requirement to report on progress against objectives, for entities that do not have single departmental plan, is new – but it ensures consistency of reporting and best practice is followed.

The majority of comply or explain requirements have been introduced following the recommendations made by the government financial reporting review. These include providing detail on:

- the structure of the organisation;
- the risk profile and how risks have affected performance and been mitigated;
- unit cost data (where this is a relevant indicator or metric in relation to SDPs or other objectives);
- relevant trend data; and
- any further information on future plans.

The requirement to introduce a financial review and the additional comply or explain requirements for entities that prepare SoPS have arisen, primarily, due to the SoPS thematic review. These changes complement revisions to SoPS reporting. They are intended to provide greater context and clarity on what the SoPS are and why outturn vs estimate is important for accountability. This

addresses specific weaknesses noted in SoPS reporting. Refer to chapter 3 below for further detail on SoPS reporting and this thematic review.

Further recommendations of best practice have been included, but have not been stipulated as comply or explain requirements as they are not relevant to all departments or there are difficulties in producing the recommended reporting.

An updated section on sustainability reporting collates sustainability reporting guidance into one section and refers the user to sustainability reporting guidance published separately on gov.uk.

Question 9: Do you agree with updates made to 5.1 – 5.3 of the FReM, covering the purpose and principles underpinning the performance report and the performance overview? Is there anything else you believe is missing from this guidance?

Question 10: Is the drafting of mandatory requirements (in 5.4) clear and is there anything else that should be mandated to improve performance reporting?

Question 11: Do you agree with the comply or explain requirements and best practice recommendations detailed in the performance analysis section (5.4)? Are there any further requirements or recommendations you believe should be included?

Chapter 6: The accountability report

A new chapter draws together accountability reporting requirements into one chapter, to improve the clarity of guidance. It consists of the existing FReM section 5.3, with minor amendments made to improve readability (eg, new chapter headings and paragraph breaks) and incorporates the existing FReM chapter 3, which gives guidance on the SOPS.

For a detailed discussion of the proposed SOPS changes, and related consultation questions, see chapter 3 of this paper.

There are a handful of substantive changes to implement actions from ‘The government financial reporting review’, including:

- New reference added on applying the Corporate Governance Code and Orange Book principles on risk disclosure (6.4.7-11). This change is designed to highlight the risk disclosure requirements of the revised UK Corporate Governance Code. This is also supported with enhanced language in the performance report (ie, as mentioned above, disclosing how risks have affected performance and been mitigated).
- A requirement to disclose staff turnover and Civil Service People Survey engagement scores (6.5.15). Users of government annual reports and accounts expressed strong interest in these disclosures for public transparency and accountability. The staff turnover calculation will be made according to the Cabinet Office staff turnover disclosure guidance to ensure consistency between organisations across the civil service.

Question 12: Does Chapter 6 include all the necessary guidance that applies to the accountability report?

Question 13: Are any of these elements confusing, or no longer useful? If you would like to see anything removed or reworded, please give reasons.

Question 14: Chapter 6 provides a link to the newly published Cabinet Office staff turnover disclosure guidance. Is the link alone sufficient to support the meaningful disclosure of staff turnover in government annual reports and accounts?

Question 15: Would it be helpful to include further details about the risk disclosure requirements in the Corporate Governance Code and the Orange Book in the FReM? Please include any specific suggestions you have for the guidance.

Chapter 7: The financial statements

This new chapter is specific to the format and content of the financial statements and consists of the existing FReM section 5.4. Minor formatting changes have been made for readability as set out in the amendment record below.

Question 16: Does Chapter 7 include all the necessary high level guidance that applies to the financial statements?

Question 17: Are any of these elements confusing, or no longer useful? If you would like to see anything removed or reworded, please give reasons.

Part C: Applying accounting standards to government annual reports and accounts, including

Chapter 8: Adopting and interpreting IASs and IFRSs

This chapter contains two tables, contained in chapter 6 of the existing FReM detailing and then summarising the public sector adaptations and interpretations to International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs). The tables are unchanged, except to incorporate any changes to the adaptations and interpretations.

Both the application of international standards and these specific adaptations and interpretations have been through review, consultation, and approval by FRAB. HM Treasury will continue to review and consult on changes or new standards as they come into force.

Part D: Further guidance for government annual reports and accounts, including

Chapter 9: Further guidance on accounting boundaries

This new chapter consists of the second, more detailed half of the existing Chapter 4, Accounting boundaries. It discusses accounting for business combinations in the public sector.

To improve the flow of the FReM, this material has been moved into the further guidance section. No further edits have been made.

Chapter 10: Further guidance on accounting for assets and liabilities

This chapter is unchanged from the existing FReM Chapter 7.

Chapter 11: Further guidance on accounting for income and expenditure

This chapter is unchanged from the existing FReM Chapter 8.

Chapter 12: Further guidance on pensions accounting

This chapter is unchanged from the existing FReM Chapter 9.

Chapter 13: Whole of Government Accounts

This chapter is unchanged from the existing FReM Chapter 10.

Question 18: Are there any style or substance changes that you would like to see made to Chapters 8 to Chapter 13? If you would like to see anything added, removed, or reworded, please give reasons.

Annexes

One new annex has been added, as Annex 1, with illustrative examples of SOPS disclosures. These are discussed in more detail in chapter 3.

The existing FReM Annexes 1-4 are unchanged, but renumbered 2-5.

Question 19: Are there any style or substance changes that you would like to see made to Annexes 2-5? If you would like to see anything added, removed, or reworded, please give reasons.

Chapter 4: The Statement of Parliamentary Supply (SoPS)

This section explains the proposed revisions to SoPS reporting that result from the SoPS thematic review undertaken by HM Treasury over summer 2019. It discusses the context and rationale for these proposed changes in greater detail.

Background and the SoPS thematic review:

As noted in the introduction in chapter 1, HM Treasury committed to undertake thematic reviews in the government financial reporting review. The SoPS was chosen as an area for thematic review following feedback that the SoPS was both difficult to prepare and difficult for users to understand. The SoPS is a key accountability statement, which compares year end outturn to the Supply Estimate that Parliament has provided statutory authority for an entity to spend against.

The review of SoPS reporting identified the need to more effectively explain to the user the purpose of the SoPS, what the results showed and links to performance reporting contained elsewhere in the annual report and accounts. New performance reporting requirements to supplement the SoPS have been introduced as a result of these findings. Changes proposed to performance reporting are detailed in chapter 5 of the draft FReM and discussed above.

As part of the SoPS project, HM Treasury has carried out a desktop review of 30 UK public sector accounts and a smaller sample of private, not-for-profit and other public sector accounts. HM Treasury has held meetings with several departments and other stakeholders (including Parliamentary users and the NAO) in order to discuss draft proposals. This has helped to refine the proposals detailed in this chapter, which reflect the work carried out to date. The final thematic review will be published by the end of the 2019/20 financial year, included in which will be an in depth discussion of the desktop review of annual reports and accounts.

Initial conclusions drawn on the SoPS:

The following conclusions have so far been identified during the thematic review:

- a) **Accountability:** The SoPS functions as an accountability statement in that it is audited and shows outturn against Estimate. However, the majority of SoPS reviewed did not explain the purpose of the statements or provide sufficient context, meaning that the usefulness of the SoPS as an accountability statement, particularly for users not familiar with public spending, was reduced.
- b) **Closure of Estimates:** The form of the SoPS mirrors the form of the Estimates, laid before parliament and published as Supply Estimates. This provides comparability for any preparer or user trying to reconcile spend approved in the Estimate through to final outturn. However, again the SoPS reviewed did not make this link clear. In addition, the form of the Estimates and SoPS is complex and dense, meaning that it can be difficult to understand how the SoPS 'closes' the Estimates, particularly for users not familiar with public spending.
- c) **Financial performance:** The complex form of the SoPS and the lack of useful commentary on variances (the majority of annual reports and accounts reviewed did not provide substantial or meaningful commentary), means the SoPS does not typically provide useful information on financial performance.
- d) **A link between outturn and the Financial Statements:** Outturn and Estimates are compiled on a different basis to the Financial Statements (Estimates are compiled against

government budgeting rules, based on the European Statistical framework of Accounts). The SoPS links budgets to the Financial Statements, by providing a reconciliation between the two. However, the lack of supporting explanation and commentary again means that the link and reasons for reconciling items are not obvious or easy to understand.

Question 20: What is your own view on the above findings on SoPS reporting and do you think it achieves its objectives as an accountability statement?

Proposals to improve SoPS reporting:

The SoPS should broadly reflect the form and structure of the Estimate and, therefore, remains largely unchanged.

However, it is possible to make some alterations to SoPS reporting to provide additional understanding for users on the purpose of the statement and what outturn reporting shows and to combine this with changes to the performance report (detailed in the following chapter). Parliamentary Scrutiny Unit have suggested some potential presentational improvements to both the Supply Estimates and SoPS reporting.

These do not result in a significant reworking of the tables and the changes can be made without additional data. For example, one suggestion is to include a total resource figure in addition to the admin/programme split. HM Treasury have mirrored these suggestions through updated SoPS illustrative disclosures. Therefore, and to align with revisions made to the Estimates noted above, **it is proposed updates to the SoPS would take effect from 2019-20**, and so would be included in the 2019-20 FReM. The changes included in 6.6, the Statement of Outturn against Parliamentary Supply, and Annex 1, Statement of Outturn against Parliamentary Supply illustrative disclosures, of the 2020-21 FReM exposure draft would, therefore also be incorporated into the 2019-20 FReM.

Preparers should note the new performance reporting requirements detailed in chapter 5 of the FReM, particularly in relation to the inclusion of a financial review. These changes are intended to provide further understanding and context, so that the importance and results disclosed by the SoPS is summarised for the user. Changes to performance reporting requirements are being made in line with the revisions to the FReM detailed in chapter 2 above. Therefore, the revised performance reporting requirements are being introduced as part of the 2020-21 FReM

Question 21: Do you agree and are you content for the changes to SoPS reporting and the supporting guidance to be introduced as part of the 19-20 FReM?

Please refer to 6.6, the Statement of Outturn against Parliamentary Supply, and Annex 1, Statement of Outturn against Parliamentary Supply illustrative disclosures, of the 2020-21 FReM exposure draft to see the changes made, as detailed below.

Title of the SoPS

Feedback has indicated that the title 'Statement of Parliamentary Supply' does not adequately explain what the statements are, especially to a user not familiar with public spending. HM Treasury has refined a range of alternative titles down to the following options:

- a) Statement of Outturn against Parliamentary Supply (SOPS);
- b) Statement of Outturn Compared to Supply (SOCS); or,
- c) Retaining the current name.

Question 22: Please detail whether you have any preference between the options a) to c) above, providing reasons why. In addition, please provide any alternative titles you would prefer (taking note of the terms that should be included in the title)?

To align the statement with other financial statements within the annual report and accounts, such as the SOCNE or SOCTE, any alternative name suggested should also start with, 'Statement'. To align with the Estimates process, the statement should also reference 'Outturn' and 'Supply'. The FReM exposure draft uses a) above, simply to show an alternative.

New requirements proposed to be introduced in 19-20

- Structure of the SoPS – An explicit requirement mandating the structure of the SoPS has now been introduced. Please refer to below for detail on following the form of the illustrative disclosures and formatting.
- Explanatory text – Preparers must include supporting and 'boiler plate' text, as provided in the illustrative disclosures to explain the purpose of the SoPS and why it is the key accountability statement. This should be easy for preparers to include and will address a weakness highlighted by the desktop review, that supporting context is rarely provided.
- Budgeting framework – Where the budgeting framework has not already been explained as part of the financial review in the performance report (see chapter 5 of the draft FReM), an explanation of the budgeting framework must instead be included in the SoPS; for example, through a flow of funds diagram. This should provide users with an understanding of the framework and of key terms. How exactly the framework is explained is left to the preparer's discretion.
- Commentary on variances between outturn and Estimate – Unless commentary is already provided as part of the financial review in the performance report (see chapter 5 of the draft FReM), it is required that commentary on variances between outturn and Estimate is provided in the SoPS. Preparers are allowed discretion as to what commentary they provide, and whether it covers the SoPS summary table or SoPS note 1.
- All numbers are presented in £000's – By requiring that all figures in the SoPS are presented in £000's, this ensures the SoPS aligns to the figures presented in the Supply Estimates. Again, this was already an implicit requirement, but is now explicit.
- Following the form of the illustrative disclosures (*comply or explain*) – The form of the illustrative disclosures, e.g. the columns and rows detailed, must be adhered to as a *comply or explain* requirement. HM Treasury did consider making this requirement mandatory. However, it was considered beneficial to allow a degree of flexibility. Although, some stipulation to follow illustrative disclosures was considered necessary, to ensure disclosures were consistent and mirrored the form of the estimates. An exemption from providing explanation is allowed where removing rows or columns that are empty. Minor alterations to the SoPS are also included as part of the updated illustrative disclosures, including the addition of DEL and AME total rows in the SoPS summary table. These alterations have been added to aid clarity and to reflect the potential presentational changes made to the Estimates.

Question 23: Do you agree with the new requirements detailed above (please provide reasons if you do disagree) and do you think any of the requirements should instead be recommendations or comply or explain requirements and do you have any comments on the FReM drafting?

Adjustments to current SoPS reporting

- Virements – The presentation of SoPS note 1 now incorporates three columns to show the total Estimate pre-virements, virements made and the total Estimate including virements. Feedback received noted that the presentation of virements caused confusion. The proposed changes should alleviate this issue. HM Treasury did consider showing only one of either the total excluding virements or the total including virements. It is, however, beneficial to show both totals, as the total excluding virements matches the Supply Estimates and the total including virements is the final total against which outturn is compared.
- SOPS note 4, *Amounts due to the Consolidated Fund* – The title, line items and columns in SOPS note 4 (both 4.1 and 4.2) have been altered to aid clarity, with supporting text provided in the illustrative disclosures to provide context for users. HM Treasury did consider removing this note, as the total payable to the Consolidated Fund is disclosed in the SOCTE and entities detail amounts due to the Consolidated Fund through EFA forms. However, the note is of worth to users, as it can provide context for why amounts are due to the Consolidated Fund, which is not provided as part of the SOCTE. HM Treasury considered reducing the disclosure to show amounts on an accruals, rather than cash basis, to simplify disclosures. HM Treasury decided against this, as preparers may wish to cross reference the note with EFA returns.
- Formatting and other minor adjustments – The guidance notes that entities may format SoPS disclosures as they prefer, to align with the style of their annual reports and accounts. However, the illustrative disclosures now provide best practice formatting, for example in relation to highlighting columns or separating rows.

Question 24: Do you agree with adjustments proposed to SoPS reporting, detailed above, and any comments on the 19/20 FReM drafting?

Recommendations and other updates to guidance

- Linking across the annual reports and accounts – Updated guidance reminds preparers of the importance of linking the SoPS to other sections of the Annual Report (and visa versa), for example to narrative in the performance report or to a financial review, where this will aid the user.
- Commentary best practice – The FReM guidance provides recommendations as to best practice when providing commentary and that it must be written with the user in mind, to aid understanding of changes in spending compared to the Estimate, and how that has affected performance and why.
- Clarity on key terms – To help preparers explain key terms, the FReM provides clarity on a couple of key terms and a link to the Consolidated Budgeting Guidance (currently being revised), where they can find explanations of key terms. Feedback noted confusion caused by the different terms and that a definition of key terms was not brought together in one place.

Question 25: Do you agree with the recommendations and updates to guidance, detailed above and any comments on the 19/20 FReM drafting?

Question 26: Are there any further changes to the SoPS that you would propose, bearing in mind the requirement to match the Supply Estimates and the further changes proposed to the performance report?

Annex: Financial Reporting Manual 2020-21 Amendment Log

Amendments to the 2020-21 Government Financial Reporting Manual – published September 2019

The 2020-21 Government Financial Reporting Manual (FReM) has been substantially reviewed and amended. This document lists all the variances between the 2020-21 FReM (the new FReM) and the 2019-20 FReM published in December 2018 (the existing FReM).

For ease, listed below are references to new mandatory and comply or explain requirements:

New mandatory requirements:

- The performance overview (5.3) must include:
 - a brief description or diagram detailing organisational structure, if not already included; and
 - a summary of single departmental plan objectives, or any other organisational goals.

Other performance overview requirements have been carried forward, although some have been expanded. In particular, risk reporting has been enhanced by strengthening the requirement to report on risk, how risks have been mitigated and how they will affect future performance.

- The performance analysis (5.4) must include:
 - reporting on progress against single departmental plans (for those entities that have them), as previously stipulated in PES papers; and
 - reporting on progress against objectives (for entities that do not have single departmental plans).

The requirement to report on non-financial information detailed in 5.4.4 c) is carried forward.

- Risk reporting: (6.4.8) Entities should also apply the requirements of the UK Corporate Governance Code 2018 and Orange Book when considering the content of their risk disclosures in the governance statement.
- Staff turnover (6.5.16 e) must be disclosed in the staff report, as per Cabinet Office guidance.
- Statement of Outturn against Parliamentary Supply (6.6):
 - SOPS disclosures must be compiled using the structure detailed in the FReM (the structure itself is unchanged);
 - supporting text, as detailed in the illustrative disclosures, must be disclosed; an explanation of the budgeting framework must be included, unless included elsewhere in the annual report;
 - commentary on variances must be provided, unless already provided elsewhere in the annual report; and
 - all figures must be presented in £000's.

New comply or explain requirements:

- The performance analysis should include as comply or explain (5.4.5):

- Further detail on the structure of the organisation, unless sufficient detail has already been provided elsewhere;
 - further detail on the risk profile of the organisation, including how risks have affected the organisation in achieving its objectives and how they have been mitigated;
 - unit cost data if central to decision-making or accountability for the organisation;
 - relevant trend data;
 - any further key financial indicators or measures not already included;
 - detail on future plans, if not included elsewhere;
 - a summary of any accountability issues it is worth drawing the attention of the user to;
 - a financial review; and
 - for entities that prepare SOPS, their financial review should include on a comply or explain basis: an explanation of the public sector budgeting framework; a summary table showing outturn compared to estimate; commentary on outturn against Estimate; a summary budget outturn to accounts reconciliation; and a trend analysis.
- Statement of Outturn against Parliamentary Supply (6.6): SOPS disclosures must follow the form of the illustrative disclosures as comply or explain.

Paragraph	Change	Reason for change
Structural	<p>The structure of the FReM has been revised, and four parts have been identified with new headers:</p> <p>Chapter 1 – Introduction</p> <p>Part A: Principles, purposes and best practice Chapter 2 – Government financial reporting principles Chapter 3 – Best practice in narrative reporting</p> <p>Part B: The form and content of government annual reports and accounts Chapter 4 – The annual report and accounts Chapter 5 – The performance report Chapter 6 – The accountability report Chapter 7 – The financial statements</p> <p>Part C: Applying accounting standards to government annual reports and accounts Chapter 8 – Adopting and interpreting IASs and IFRSs</p> <p>Part D: Further guidance for government annual reports and accounts</p>	<p>Adding new section headers makes it clear what each part of the guidance is for. This should help keep the structure coherent in future updates, and will help readers navigate the FReM.</p>

	<p>Chapter 9 – Further guidance on accounting boundaries</p> <p>Chapter 10 – Further guidance on accounting for assets and liabilities</p> <p>Chapter 11 – Further guidance on accounting for income and expenditure</p> <p>Chapter 12 – Further guidance on accounting for pensions</p> <p>Chapter 13 – Whole of Government Accounts</p>	
<p>Chapter 1: Introduction</p>	<p>The first chapter of the existing FReM includes a mixture of guidance on accounting principles and accounting boundaries for the annual report and accounts. There was some overlap with other existing material.</p> <p>Content that relates to the annual reports and accounts as a whole has all been moved to the new Chapter 4, The annual report and accounts.</p> <p>The revised Chapter 1 is simply an introduction to the FReM itself.</p>	<p>The new Chapter 1 is more focused and readable.</p> <p>The new FReM moves from referencing general financial reporting principles applicable to annual reports and accounts at a high level, to providing detailed guidance on annual reports and accounts.</p> <p>Content now moves from less to more detail throughout the FReM.</p>
<p>1.1 The purpose of the Government Financial Reporting Manual (FReM)</p>	<p>Expanded from paragraph 1.1.1 in the existing FReM; footnote listing the relevant authorities brought up into the text.</p>	
<p>1.2 The structure and contents of the FReM</p>	<p>New section, other than the reference to gov.uk which is taken from Paragraph 1.2.3 of the existing FReM.</p>	
<p>1.3 The FReM review and update cycle</p>	<p>Expanded from paragraph 1.1.4 in the existing FReM.</p>	
<p>1.4 Which entities apply the FReM</p>	<p>Expanded from paragraphs 1.1.2-3 in the existing FReM</p>	
<p>Chapter 2: Government financial</p>	<p>This new chapter introduces the four purposes of government financial reporting first articulated in the Public Administration and</p>	<p>The new FReM begins with the most basic principles of government financial</p>

reporting principles	<p>Constitutional Affairs Committee's (PACAC's) <i>Accounting for democracy</i> reports.</p> <p>The chapter also emphasises the importance of user engagement, and includes further basic principles for reporting:</p> <ul style="list-style-type: none"> • choosing what to publish and how to publish it; • balanced reporting; • comply or explain; • balancing cost and usefulness in reporting; and • continuous improvement. 	<p>reporting. These are the fundamental ideas that sit behind the rest of the guidance.</p> <p>This chapter answers the 'why' questions for reporting, and will help inform judgement and shape future guidance as well as future reports.</p>
Chapter 3: Best practice in narrative reporting	<p>This new chapter brings in a range of best practice points for all narrative included in financial reports, including:</p> <ul style="list-style-type: none"> • The role of narrative reporting; • Choosing what to say and how to say it; • Design choices and infographics; • Context and trends; • Accessibility; • Using clear English; • Avoiding boilerplate; and • Resources for better narrative financial reporting. 	<p>This guidance reflects feedback from many different users of government financial reports on the importance of narrative.</p> <p>Many of the subsections are responses to concerns raised by PACAC in 'Accounting for democracy'. Others reflect discussions between HMT and various users of government annual reports and accounts.</p>
Chapter 4: The annual report and accounts	<p>This new chapter combines elements of the existing chapters 1 (introduction), 2 (accounting principles), 4 (accounting boundaries), and 5 (form and content of the annual report and accounts) into one single new chapter.</p>	<p>This new chapter groups for convenience all the high level guidance that relates to the annual report and accounts as a whole.</p>
4.1 Introduction and Structure of public sector annual reports and accounts	<p>Expanded from paragraphs 5.1.1-2 in the existing FReM.</p>	<p>Expanded the formatting for clarity.</p>
4.2 Accounting principles for government annual reports and accounts	<p>4.2.1-2 are new paragraphs quoting from <i>Managing Public Money</i>.</p> <p>4.2.3 is taken from 1.1.5 of the existing FReM.</p>	<p>Much of the wording in this section is refined for readability.</p> <p>The presence of the financial reporting principles chapter at the start of the FReM reduces</p>

	<p>4.2.4-6, Generally Accepted Accounting Practice (GAAP), is adapted from 2.1.1-2 of the existing FReM.</p> <p>4.2.7, Parliamentary accountability and regularity, is adapted from 2.1.3 of the existing FReM.</p> <p>4.2.8, Historical cost convention, is adapted from 2.1.4 of the existing FReM.</p> <p>4.2.9-10, A true and fair view, is adapted from 2.2.8-9 of the existing FReM.</p> <p>4.2.11, Small and medium-sized entities, is adapted from 2.1.5 of the existing FReM.</p> <p>4.2.12-18, Conceptual Framework for financial reporting, is adapted from 2.2.1-7 of the existing FReM.</p> <p>4.2.19-20, Applying IFRSs, is adapted from 1.2.1 of the existing FReM.</p> <p>4.2.21-26, Accounting policies and budgetary controls, is adapted from 1.3.1-5 and 2.3.1 of the existing FReM.</p>	<p>the pressure on this content – its scope is now purely the accounting principles for annual reports and accounts.</p>
<p>4.3 Reporting requirements beyond central government</p>	<p>4.3.1-2, Scottish and Welsh spending bodies, is adapted from 5.1.4-5 of the existing FReM.</p> <p>4.3.3-5, Executive agencies and trading funds, is adapted from 1.6.1 and 5.1.6 of the existing FReM.</p> <p>4.3.6-8, Other arm’s-length bodies, is adapted from 5.1.6 of the existing FReM.</p> <p>4.3.9-11, Arm’s-length bodies which are companies, is adapted from 1.5.1-2, 5.1.7, and 5.1.9 of the existing FReM.</p> <p>4.3.12-15, Arm’s-length bodies which are charities, is adapted from 1.4.1-5 and 5.1.8 of the existing FReM.</p> <p>4.3.16, Reportable activities, is adapted from 1.7.1 of the existing FReM.</p>	<p>This section combines parts of the existing chapter 5 with the existing chapter 1, to reduce repetition.</p> <p>None of the substance has changed, but the language has been simplified where possible.</p>

4.4 Consolidation and accounting boundaries	Taken from 4.1.1-4 in the existing FReM, unchanged except for some extra paragraph breaks.	Paragraph breaks added for readability.
4.5 Presentation to Parliament and publication	Taken unchanged from 5.5.1-10 in the existing FReM	No changes, but this part of the existing FReM clearly relates to the whole of the annual report and accounts and is, therefore, moved for improved positioning.
Chapter 5: The performance report	This chapter provides updated and new guidance on the performance report, with the sections on the accountability report and financial statements moved to create new subsequent chapters.	Updated to improve the clarity of performance reporting guidance, separating this out into a single chapter, and to reflect improvements to guidance arising from the GFR and SoPS thematic reviews.
5.1 Purpose of the performance report	A new section that details the purpose of the performance report and incorporates guidance from the <i>Additional guidance for the preparation of annual reports and accounts</i> PES paper.	Expanded to emphasise the importance of the performance report, incorporating themes arising from the GFR review and to add PES guidance into the FReM where relevant.
5.2 Principles for the performance report	5.2.1 – 3, new paragraphs that outline key principles for performance reporting, referring the user back to the principles and best practice chapters, and some further specific principles: a) reporting should reflect the structure and activity of the organisation; b) trend data should be included; and c) preparers should make clear where information has been audited. 5.2.4 – 7, requirements on following the Companies Act 2006 or other relevant legislation, auditing and signing of the performance report have been largely carried forward from the previous FReM.	The new guidance incorporates recommendations arising from the GFR review, with some existing guidance carried forward.
5.3 Performance overview	The guidance covers an explanation of the performance overview and what should be included. Most requirements are brought forward from the previous FReM.	The desktop review of annual reports and accounts indicated that most entities prepared an effective performance overview

	<p>Guidance on summarising performance and risks has been expanded to better align the overview to the performance analysis.</p> <p>Guidance on explaining the structure of the organisation, if not otherwise done so, has been split out as a separate bullet point, to improve the clarity of guidance.</p> <p>The requirement to summarise single departmental plan (SDP) or organisational goals is new, but was already implied under the existing requirement to provide a performance summary.</p> <p>Other requirements have been strengthened. In particular, risk reporting has been enhanced by strengthening the requirement to report on risk, how risks have been mitigated and how they will affect future performance.</p>	<p>section, in that they followed requirements of the FReM and contained enough information for the lay user to have no need to look further into the rest of the annual report and accounts, unless they were seeking specific detail. Therefore, guidance has been largely carried forward, especially as GFR review recommendations were instead incorporated into the new performance analysis requirements.</p> <p>However, guidance has been updated to better align the overview to the analysis section and to improve the clarity of guidance.</p>
<p>5.4 Performance analysis</p>	<p>The section has been substantially revised, to incorporate recommendations arising from the GFR and SoPS thematic review.</p> <p>5.4.2 – 3, emphasise the importance of linking users to other parts of the annual reports and accounts and why entities have been permitted some flexibility in reporting, incorporating recommendations arising from the GFR review.</p> <p>The guidance is broken down into three sections: a) mandatory requirements; b) comply or explain requirements, and c) best practice recommendations.</p> <p>The section then goes onto cover sustainability reporting.</p> <p>5.4.5, mandatory requirements include:</p> <ul style="list-style-type: none"> • Reporting on progress against SDP goals. An existing reporting requirement for those entities with a SDP but introduced in the FReM from the Additional Guidance for Preparers PES paper. • For entities without SDP goals, the form or reporting should be agreed first with 	<p>5.4.2 - 3 incorporate recommendations arising from the GFR review.</p> <p>This structure was deemed the clearest in relation to the requirements, given the number of them.</p> <p>This section incorporates required reporting per PES papers, best practice arising from the GFR and SoPS reviews and otherwise carries forward requirements.</p> <p>Per the desktop review of annual reports and accounts,</p>

	<p>the sponsoring department, relevant select committee and HM Treasury spending team. Otherwise, these entities are required to also report on performance against objective. This was discussed as part of the GFR review and best practice as part of the SoPS review.</p> <ul style="list-style-type: none"> • Reporting on non-financial information including social matters, respect for human rights anti-corruption and anti-bribery matters. The FReM requires this reporting, as detailed under EU law and is carried forward. 	<p>most entities already complied with this requirement to structure their performance analysis around the discussion of progress against goals. Given this and to ensure consistency of reporting and best practice is followed, it was considered that this requirement should be mandatory for entities that do not have SDPs.</p>
	<p>5.4.6, Introduction of comply or explain requirements:</p> <ul style="list-style-type: none"> • Further detail on the structure of the organisation, if not otherwise provided elsewhere, to aid the user's understanding. • Further detail on the risk profile of the organisation and how risks have affected performance and been mitigated. This requirement has been added given the GFR review to tie the discussion of risk into the accountability report. • Disclosure of unit cost data, where these are a relevant indicator or metric in relation to SDPs or other objectives. This requirement has been added given the GFR review. • Disclosure of relevant trend data. This requirement has been added given the GFR review. • A financial review, this requirement has been added given the SoPS thematic review and finding that financial performance should be tied into broader performance more effectively. • Detail on future plans and performance. This requirement has been added given the GFR review. • A summary of any key issues detailed in the accountability report that may be of use to the user. The requirement to summarise any key issues arising from the accountability is new and is 	<p>This section incorporates recommendations arising from the GFR and SoPS reviews, adjustments for clarity and otherwise carries forward requirements.</p> <p>A number of accounts already adhere to these requirements, per the desktop review. For example, the majority of entities discuss future plans, although usually this was tied into general performance reporting and not separated out as an individual section.</p>

designed to ensure preparers bring together reporting across annual reports and accounts into the performance report.

- Otherwise comply or explain requirements are carried forward from previous FReM requirements (explaining the purpose of the analysis section and reporting against any further key financial indicators or measures).

Further comply or explain requirements have been added in relation to the financial review, but only for entities that are required to prepare SoPS. These requirements have been added given the findings of the SoPS thematic review and are as follows:

- Context and explanation of the public sector budgeting framework
- A summary table showing outturn against estimate
- Commentary on outturn against estimate variances
- A summary outturn to accounts reconciliation, where this is easy to provide.
- A trend analysis

The purpose of this section is to provide an understanding of the budgeting framework and why outturn against Estimate is important, before providing any further relevant detail.

This complements changes to SoPS reporting, aiding usability, and addresses weaknesses of SoPS reporting (namely that a lack of supporting context is provided and that SoPS reporting can be difficult for a lay user to understand).

The majority of accounts reviewed already incorporate a financial review.

These requirements are comply or explain only for entities that compile SoPS, as the budget framework and outturn against estimate is more relevant to them. Entities that do not prepare SoPS should still refer to this requirement as best practice.

It should be noted that most entities that prepare SoPS already adhere to these requirements; for example, most accounts reviewed summarised the SoPS outturn against Estimate in their financial review.

	<p>5.4.7, Inclusion of best practice recommendations:</p> <ul style="list-style-type: none"> • For entities that do not prepare a SoPS, they still should consider how to apply the comply or explain requirements in relation to the financial review. • Financial reviews may still include as best practice: a) an analysis of the balance sheet position; b) detail on the type of spend incurred, and c) detail on outturn against estimate by SDP objective or organisational goal. 	<p>As above, entities that do not prepare SoPS should refer to the comply or explain requirements for best practice. Further best practice recommendations in relation to the financial review have not been drafted as comply or explain given that they were not deemed relevant enough forms of reporting for all departments (this was corroborated by the review of accounts).</p> <p>In addition, providing outturn against estimate for each organisational goal could be highly judgemental, as spend would need to be apportioned, and difficult for departments to compile, given estimate lines rarely match to objectives. Noting this reporting as best practice, however, should encourage this reporting where this would aid users.</p>
	<p>5.4.8, Provides guidance on sustainability reporting. It amalgamates paragraphs on sustainability reporting from the existing FReM, incorporates guidance previously included in the additional guidance on the preparation of ARAs PES paper and refers preparers to the sustainability reporting guidance for further detail.</p>	<p>The new paragraph collates guidance on sustainability reporting into one section of the FReM. It summarises mandatory requirements, before referring the user onto the separate sustainability reporting guidance.</p>
<p>Chapter 6</p>	<p>This new chapter is adapted from section 5.3 in the existing FReM, with amendments.</p> <p>Chapter 6 also contains the updated guidance on the Statement of Parliamentary Supply (SOPS) that was the separate chapter 3 in the existing FReM.</p>	<p>To improve readability and bring in actions from the government financial reporting review.</p> <p>The SOPS guidance has been reviewed and updated as part of a separate thematic review of SOPS disclosures.</p>
<p>6.1.1-4 Purpose and scope of the</p>	<p>Adapted from 5.3.1-3.</p>	<p>Consistency with the newly expressed principles for</p>

accountability report	Added "the primary user of the annual report and accounts" to 6.1.1. Changed "Westminster departments" to "Central government departments" in 6.1.4	government financial reporting. Avoided using "Westminster" as synonym for "government".
6.2 Auditors and the accountability report	Adapted from 5.3.4-5, with heading added and minor tweaks for readability. Changed "Westminster" to "UK government" in 6.2.1.	New heading/section to help users navigate. Avoided using "Westminster" as synonym for "government".
6.3 Structure of the accountability report 6.4.1-6 Corporate governance report	Adapted from 5.3.6-13, with minor tweaks for readability.	
6.4.7-11 Corporate governance report	Adapted from 5.3.13-14, amended to expand language on the Corporate Governance Code and risk disclosure, to emphasise the Accounting Officer's responsibility, and to encourage links to the Accounting Officer System Statement.	Enhanced language on risk disclosure and Accounting Officer responsibilities implement actions from 'The government financial reporting review'.
6.5.1-14 Remuneration and staff report	Adapted from 5.3.15-27, with minor tweaks for readability.	
6.5.15 Remuneration and staff report	Adapted from 5.3.28, with added requirements: e) to disclose staff turnover as per Cabinet Office guidance. f) to disclose staff engagement scores, for those that have them, from the latest Civil Service People Survey	Enhanced disclosures on staff turnover and engagement implement actions from 'The government financial reporting review'.
6.5.16-17 Remuneration and staff report	Adapted from 5.3.29, with minor tweaks for readability.	
6.6 Supply and the Statement of Outturn against	This section has been revised on the basis of the SoPS thematic review. The context and progress of this review is detailed in chapter 3 of the consultation. Please refer to this section for detail on the changes proposed. These	Refer to chapter 3 of the consultation for background and an understanding of the proposed changes.

Parliamentary Supply (SOPS)	<p>changes are also detailed in Annex 1 of the FReM, the SOPS disclosures illustrative guidance.</p> <p>Paragraphs 6.6.7 to 6.6.9 have been substantially revised, otherwise paragraphs are similar to those in the existing FReM.</p>	
6.7 Other notes relating to Parliamentary accountability	Adapted from 5.3.31.	New heading/section to help users navigate.
6.8 The Certificate and Report of the Comptroller and Auditor General to the House of Commons	Adapted from 5.3.32-6.	New heading/section to help users navigate.
Chapter 9 Further guidance on accounting boundaries	Taken unchanged from 4.2.1-15.	This section was in the old 'Accounting boundaries' chapter 4 – it's very detailed, so makes more sense here in the 'further guidance' section.
11.2.1-2 Accounting for Supply	Taken from 3.3.1-3.	Moved down from the Chapter 3 (which is now part of Chapter 6) after the FReM working group pointed out that this is detail that belongs in further guidance.
Annex 1 SOPS disclosures illustrative guidance	This section of the FReM incorporates illustrative guidance previously in Department Yellow and updates this based on the recommendations arising from the SoPS thematic review. Refer to chapter 3 of the consultation for further detail.	Refer to chapter 3 of the consultation for background and an understanding of the proposed changes.