



HM Treasury

UPAG 1 (1)

The Government Financial Reporting Review

Background and progress so far

Background to the review

- 2014 *Simplifying and Streamlining*
- 2017 *Accounting for Democracy* (first report)
- 2018 HMT and NAO responses to *Accounting for Democracy*
- HMT response proposes a review of accounts
- 2018 *Accounting for Democracy* (follow up report)
- PACAC welcomes the proposed review of accounts
- 2019 The government financial reporting review**

Government Financial Reporting Review – summary so far

- PACAC inquiry opened in 2016 with 2 reports in 2017 & 2018 – focus on performance and accountability reporting in ARAs, *“Annual Reports and Accounts appear to be currently failing in their purpose of explaining to the public and Parliament the effectiveness of Government spending”*
- GFR Review published in April 2019 – responding to inquiry with a full scale review of performance and accountability reporting including best practice examples, map of GFR landscape, and evaluation of the purposes of GFR
- Recommendations from the review and PACAC inquiry taken forward to improve statutory guidance on ARAs with more focus on the user
- 7 major workstreams underway since publication with the aim of improving GFR and to embed ongoing improvement into the routine of government
- Public consultation (Sept/Oct) on the draft 2020-21 FReM
- Government Finance Standard introduced to set consistent expectations for effective management and promote best practice
- PACAC hearing November 2019 – progress on implementation of recommendations

The government financial reporting review

8

chapters

3

appendices

1st

ever map of the
government
financial reporting
landscape

28

best practice
examples

7

headline actions
for HMT

responding to

36

PACAC
recommendations

with

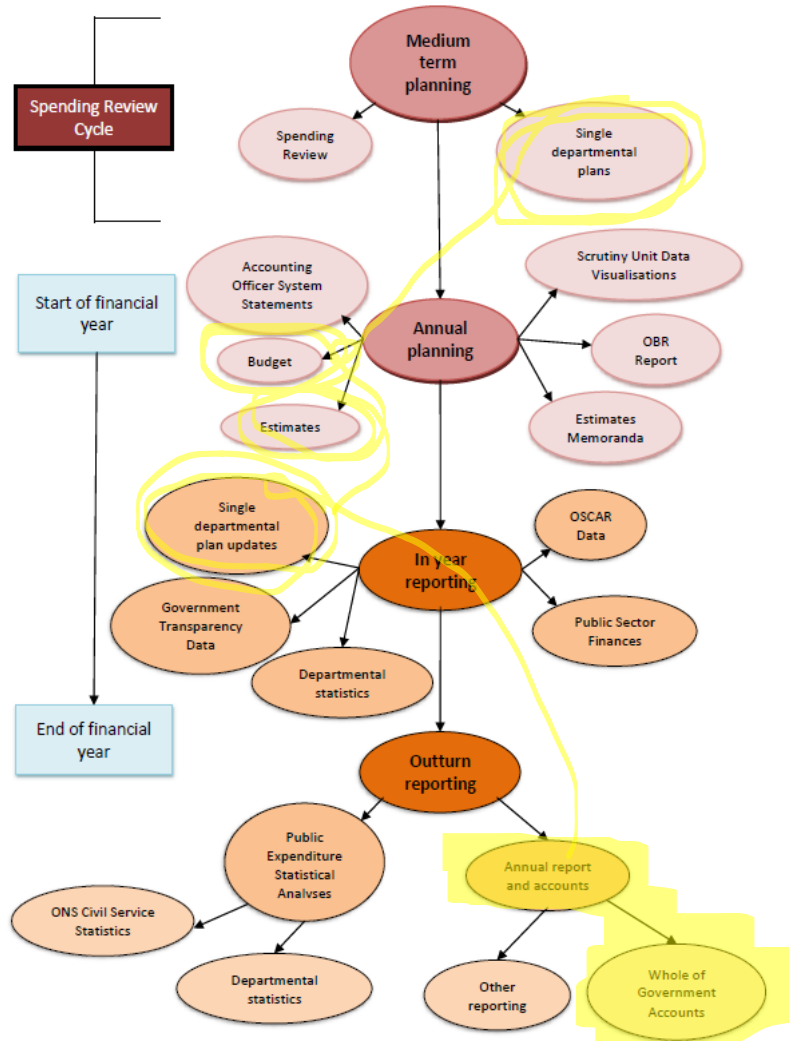
39

detailed action
points



Mapping the landscape

Chart 4.A: The government financial reporting landscape



Progress against review aims

1. To clearly state the main aims of government financial reporting;



2. to review current practices for government financial reporting; and



3. to take steps to improve government financial reporting.



Implementation workstreams for HMT



Engage with departments to share the learning from the government financial reporting review



Carry out a zero-based review of the government Financial Reporting Manual (FReM)



Bring together an Advisory Board made up of external users of annual reports and accounts



Carry out regular thematic reviews on specific issues in government financial reporting



Publish the map of the financial reporting landscape online and keep it relevant



Publish a bank of best practice examples for those preparing reports



Keep an eye on other relevant projects: digital transformation; single departmental plans; risk/the Orange Book; other work of the Financial Reporting Advisory Board

Scores on the doors



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Progress: Engaging with departments

Resources

- Review report widely shared
- “Top five tips” paper shared within 2018-19 reporting cycle
- Shared and promoted FReM consultation and updates
- Best practice examples on OneFinance and widely shared

Involvement

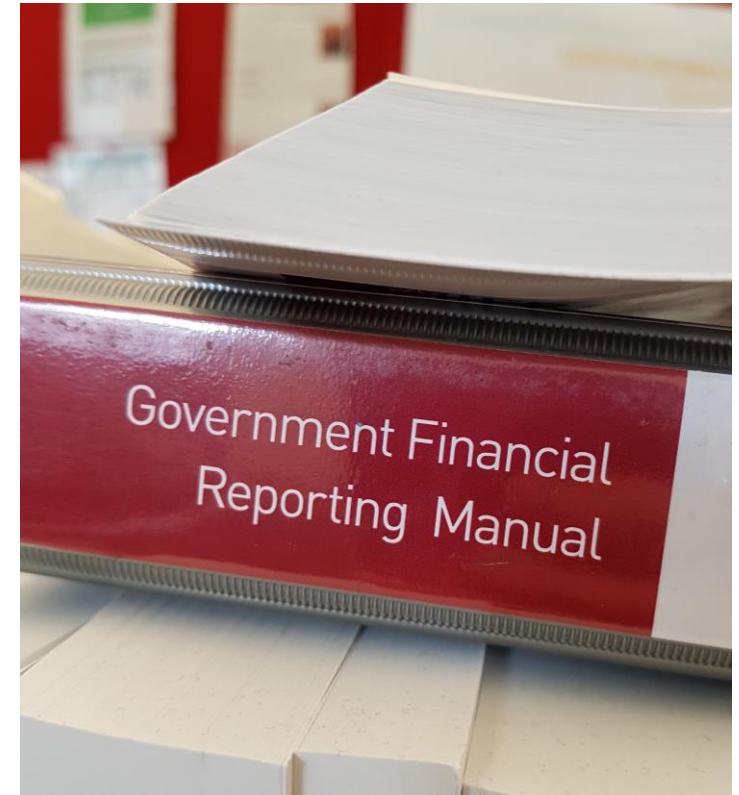
- Departmental representatives involved at every stage of the Review
- Representatives from departments and arm’s length bodies joined the FReM Review working group
- A range of departments and other public sector bodies responded to the FReM consultation

Presentations

- To RASIG, the CCOA Knowledge Network, and TACOE
- At the Government Finance Academy training events in the autumn
- Building Public Trust Awards workshop
- At the 2019 and 2020 Government Finance Function Conferences
- To the Finance Leadership Group (FLG)

Progress: FReM Review (Phase I - 2019)

1. Structural changes and clarifications
2. New chapter on the purposes and principles of reporting
3. New chapter on best practice in narrative reporting
4. Enhanced guidance on performance and accountability reports
5. Improvements to the SOPS



Progress: Advisory Board / engaging with users

In 2019 HMT staff:

- Ensured that there was a user representative on the FReM working group;
- Held a FReM workshop with Parliamentary Scrutiny Unit and IfG;
- Held a FReM workshop at the National Audit Office;
- Gave evidence to the Public Administration and Constitutional Affairs Committee (PACAC) on progress in government financial reporting;
- Engaged with users of annual reports and accounts as part of the pilot thematic reviews; and
- Engaged with users of annual reports and accounts for comments on the FReM consultation.



Progress: other actions

- Two thematic reviews carried out in 2019.
- Ongoing programme in development.

Thematic reviews



- The map was published as part of the Review report.
- The plan is still to upload and update a more interactive version.

Map of the reporting landscape



- Published on OneFinance (internally to government) as an excel document.
- New examples being added.
- The plan is to find a better format too.

Best practice examples

