



HM Treasury

Government Financial Reporting Review



HM Treasury update

The Government Financial Reporting Review

Purpose

Financial reporting is a way for the public and Parliament to scrutinise the government's use of public money and hold departments accountable for the financial decisions they make.

History

In 2014, in consultation with Parliament, the National Audit Office and departments, the Treasury undertook the 'Simplifying and streamlining' review to make financial reporting more targeted to the needs of users. The Public Administration and Constitutional Affairs Committee (PACAC) published the 'Accounting for democracy' reports in 2017 and 2018, following an inquiry into government financial reporting that included a major user engagement exercise. These reports proposed four purposes for government financial reporting and made a series of detailed recommendations to make reports more usable and understandable.

Result

The Treasury reviewed government financial reporting for progress since 'Simplifying and streamlining', and to respond to the recommendations in 'Accounting for democracy'.

Published in April 2019, the Government Financial Reporting Review is the result of that work.

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Goal

The Treasury carried out this review guided by the principles behind the success of 'Simplifying and streamlining' and drawn from the user engagement of 'Accounting for democracy'. The goal is government reporting that is simple, easy to read, and reflects the unique story of each department. Reports should meet the needs of their primary users, including: the House of Commons controlling government spending;

the public assessing value for money; and managers inside departments (Ministers and civil servants) needing information to run those departments effectively.

Underpinning all these needs is the duty of government documents to provide an accurate record of activity and decision-making.

Progress

This update examines the commitments made by HM Treasury and its progress towards enhancing financial reporting despite the Covid-19 pandemic.

Actions to enhance reporting

The Treasury committed to:

1. Carry out a zero-based review of the guidance for departments producing annual reports and accounts, the Financial Reporting Manual, which will be overseen by the independent Financial Reporting Advisory Board
2. Establish a bank of best practice examples to support departments improving their reports which will be accessible to preparers of annual reports and accounts, and will be updated on a regular basis
3. Engage with departments to share the findings of the review and support continuous improvement
4. Publish the map of the financial reporting landscape online and look for other ways to help users navigate financial reports
5. Monitor the financial reporting landscape and update the map of the financial reporting landscape so it remains relevant
6. Carry out regular thematic reviews on specific issues in financial and performance reporting
7. Establish a group of external users of annual reports and accounts to meet twice a year and share feedback to help those preparing government financial reports better meet their needs



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Questions