



## HM Treasury

<b>Issue:</b>	This paper shows results of a sample test of central government Annual Reports and Accounts engagement with FReM requirements on Performance Reporting, in pursuit of a User Preparer Advisory Group suggested thematic review. The results have been considered and discussed by the User Preparer Advisory Group.
<b>Impact on guidance:</b>	The expectation is that the results of the Performance Report Thematic Review will determine how to make HMT's frameworks as fit for purpose as possible, which may result in adding or removing content.
<b>IAS/IFRS adaptation or interpretations?</b>	N/A.
<b>Impact on WGA?</b>	N/A
<b>IPSAS compliant?</b>	N/A
<b>Impact on budgetary regime?</b>	N/A
<b>Alignment with National Accounts (ESA10)?</b>	N/A
<b>Impact on Estimates?</b>	N/A
<b>Recommendation:</b>	For information as to the progress of the thematic review and to discuss initial thought members may have.
<b>Timing:</b>	This review is on going, with an expectation for it to be concluded within 2023 calendar year.



HM Treasury

# **Performance Report Thematic Review**

Update and discussion

---

## Detail on the scope of the review

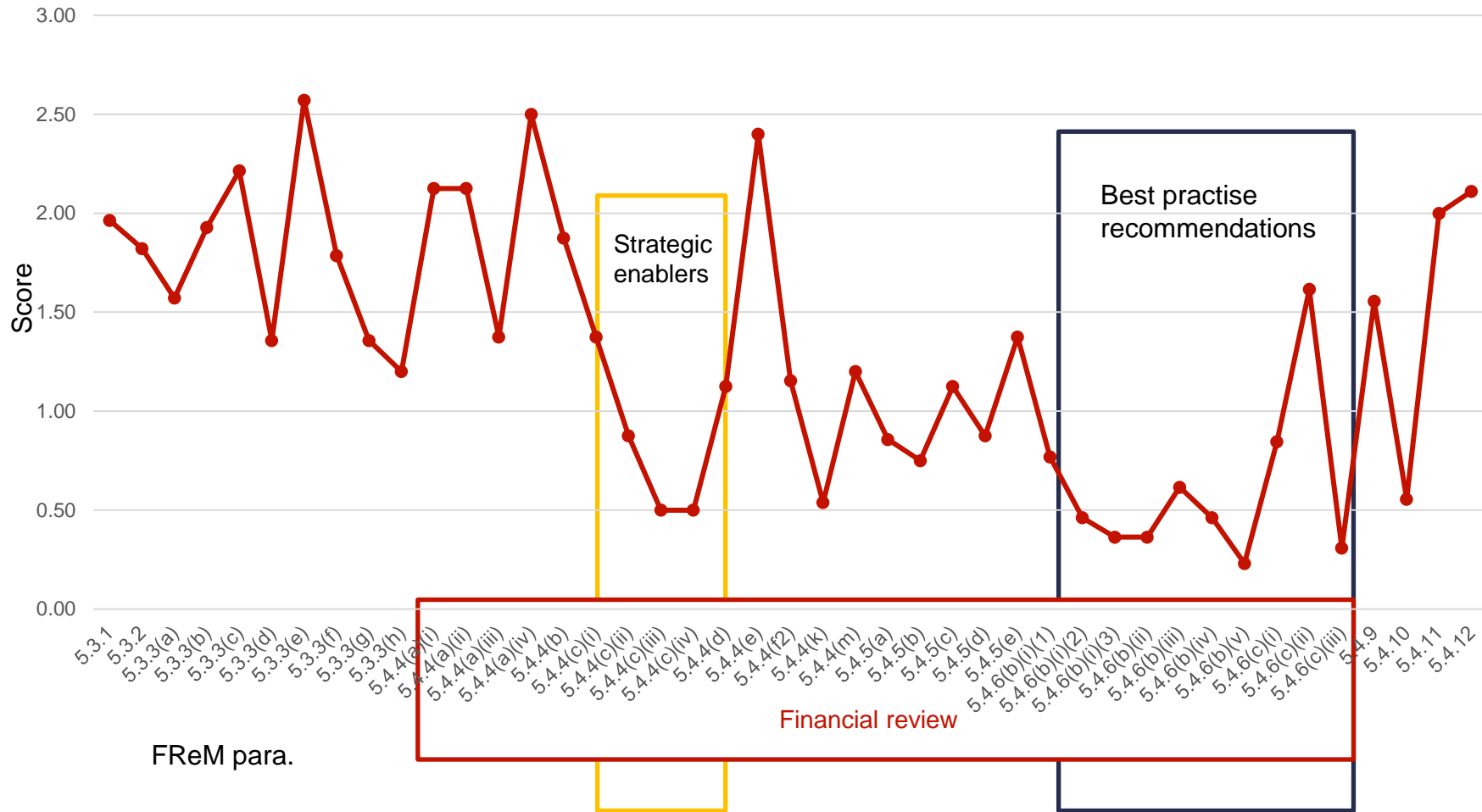
Topic	Scope of review
<p>A more specific thematic review of the Financial review section within Performance Analysis to consider how well departments are conveying their financial performance in terms which the lay reader can understand.</p>	<p>A review of the application of guidance in FReM (paragraphs 5.4.4-5.4.6). The review would consider if the guidance is fit for purpose, general compliance with the guidance and how FReM guidance fits in with our best practise examples.</p>
<p>A review of how well government departments are doing in telling their story in easily understandable terms to the lay reader in the Performance sections (overview and analysis).</p>	<p>A review of the application of guidance in FReM (paragraphs 5.3-5.4) and related PES paper providing guidance on preparation of ARAs. The review would consider if the guidance is fit for purpose, general compliance with the guidance and how FReM guidance fits in with our best practise examples.</p>

## Engagement scoring

0	No engagement with FReM request
1	Some engagement with FReM request
2	Engagement meets FReM request
3	Engagement above FReM request
4	Above and beyond FReM request

# Sample FReM engagement review

Mean of 9 CG and 5 ALBs



# UPAG discussion

---

## Balancing competing priorities

Preparers feel there is a balance to strike between capacity, streamlining the report, completeness of information and timeliness. Some of the best practise items and other requirements are not engaged with as a result.

## Language in FReM

It is policy colleagues, not accountants, who write these sections of the report. Is the language in FReM appropriate for the audience?

## Engagement with the user community

FReM invites preparers to reach out to select committees to understand their needs and UPAG queried if preparers do this. UPAG expressed interest in creating a user community that preparers can engage with.

## Direction of the review

A suggestion was made to engage users directly, such as audit committee members, to see if they can 'dive in' to Performance Reports and find useful information that they need.

## Discussion points

---

- Do you have any thoughts on Performance Reporting in central government that you would like HMT to consider in the context of this review?

Link to relevant FReM -

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1041651/2021-22\\_FReM\\_-\\_Dec\\_21.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1041651/2021-22_FReM_-_Dec_21.pdf)