



HM Treasury

# Financial Reporting Advisory Board

## Government Financial Reporting Review update

Issue:	Summary of the outputs of the Government Financial Reporting review and actions taken.
Impact on guidance:	N/A
IAS/IFRS adaptation?	N/A
Impact on WGA?	N/A
IPSAS compliant?	N/A
Interpretation for the public sector context?	N/A
Impact on budgetary and Estimates regimes?	N/A
Alignment with National Accounts	N/A
Recommendation:	None – for information only
Timing:	Ongoing.

### DETAIL

#### Background

1. The Treasury undertook the Government Financial Reporting Review<sup>1</sup> ('the Review') in 2019 following on from the 'Simplifying and streamlining' 2014 review<sup>2</sup> and in response

<sup>1</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/791567/the\\_government\\_financial\\_reporting\\_review\\_web.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/791567/the_government_financial_reporting_review_web.pdf)

<sup>2</sup>

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/330725/simplifying\\_annual\\_reports\\_print.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/330725/simplifying_annual_reports_print.pdf)

to recommendations in the 2017 and 2018 Accounting for democracy reports published by PACAC<sup>3</sup>.

2. The purpose of the Review was to improve government financial and performance reporting, and for the Treasury to embed ongoing improvement into the routine of government so that the UK can continue to lead the world in financial openness, transparency and trust. This paper summarises the progress that has been made in taking forward the recommendations of the review.

### Government financial reporting review commitments and actions

3. The Treasury committed to 39 actions through the Review which were grouped by the Review into the seven overarching objectives below.

	Commitment	Action
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.	HMT undertook a consultation on the Government Financial Reporting manual in 2019 <sup>4</sup> and a summary of responses was presented in FRAB 138 (03) <sup>5</sup> in November 2019.
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.	A bank of best practice examples was established online in 2020 <sup>6</sup> . The bank of examples on gov.uk is updated annually, with new best practice examples added each year.
3.	Engage with departments to share the findings of the review and support continuous improvement.	HMT regularly engages with relevant stakeholders from departments including at the Users and Preparers Advisory Group, Relevant Authorities Working Group and FRAB as well as individual engagement with stakeholders. Stakeholders are updated on the findings of thematic reviews as well as supported with continuous improvement through technical training events, the government finance academy and

<sup>3</sup> <https://publications.parliament.uk/pa/cm201617/cmselect/cmpubadm/95/9502.htm>

<sup>4</sup> <https://www.gov.uk/government/consultations/government-financial-reporting-manual-2020-to-2021>

<sup>5</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/853611/FRA\\_B\\_138\\_03\\_UPDATED\\_FReM\\_and\\_SoPS\\_consultation\\_responses\\_and\\_next\\_steps.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/853611/FRA_B_138_03_UPDATED_FReM_and_SoPS_consultation_responses_and_next_steps.pdf)

<sup>6</sup> <https://www.gov.uk/government/collections/the-government-financial-reporting-review-best-practice-examples-in-annual-reporting>

		additional guidance posted on OneFinance.
4.	<b>Publish the map of the financial reporting landscape online and look for other ways to help users navigate financial reports.</b>	HMT created a financial reporting landscape map, and this has been published as part of the Review. After further consultation with the User and Preparers Advisory Group at their most recent meeting, the landscape will be updated and published as a standalone document in 23/24.
5.	<b>Monitor the financial reporting landscape and update the map of the financial reporting landscape so it remains relevant.</b>	HMT carries out an annual review of the financial reporting landscape to ensure it remains relevant and accurate. HMT will continue to invite views from stakeholders such as the User and Preparer Advisory Group as part of this review process.
6.	<b>Carry out regular thematic reviews on specific issues in financial and performance reporting.</b>	HM Treasury has undertaken several thematic reviews since the publication of the Review in 2019 on topics including non-investment asset valuation, performance reporting, the financial reporting response to Covid-19 and a post-implementation review of IFRS 9 and 15. FRAB have been closely involved in the development and outputs of these reviews, which are published on gov.uk. <sup>7</sup>
7.	<b>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.</b>	The User Preparer Advisory Group <sup>8</sup> was established by HM Treasury in 2020 and includes representatives from central government, accounting institutes, think tanks, parliament, and academia. The Group meets biannually and is an opportunity for users and preparers to discuss financial reporting challenges and to talk through any upcoming changes.

HM Treasury 23 November

<sup>7</sup> <https://www.gov.uk/government/collections/thematic-reviews-government-financial-reporting>

<sup>8</sup> <https://www.gov.uk/government/collections/user-and-preparer-advisory-group>