



HM Treasury

# **Government Financial Reporting (GFR) Review**

## **5 Year Update**

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Elle Richardson

10/10/2024

# Agenda

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**The GFR Review**

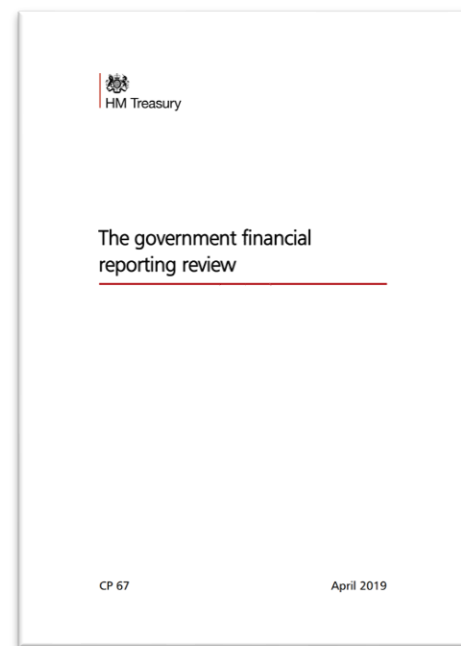
**General update**

**Chapter Summaries of Updates**

**Consultation**

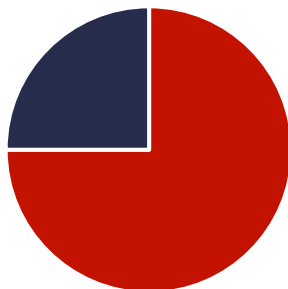
# The Government Financial Reporting Review

- Published in April 2019.
- Contains **39** recommendations to improve financial reporting guidance
  - **30** actions have been completed and will carry forward in future FReM editions.
  - The remaining **9** actions do not have an end date and are ongoing. All are being implemented.
  - **0** actions are outstanding.
- Chapter 1 provides context for the review. Chapters 2 – 7 contain the report's recommendations.



# Timescale

Chapter 2



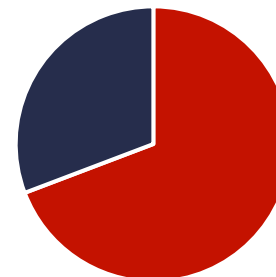
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Chapter 3



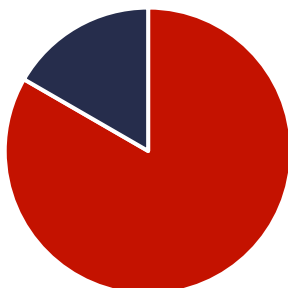
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Chapter 4



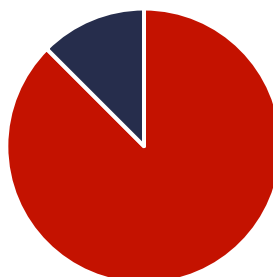
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Chapter 5



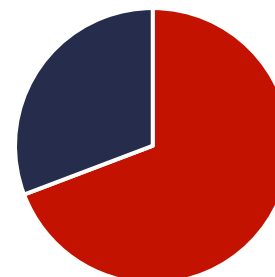
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Chapter 6



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Chapter 7



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# Written changes to the FReM

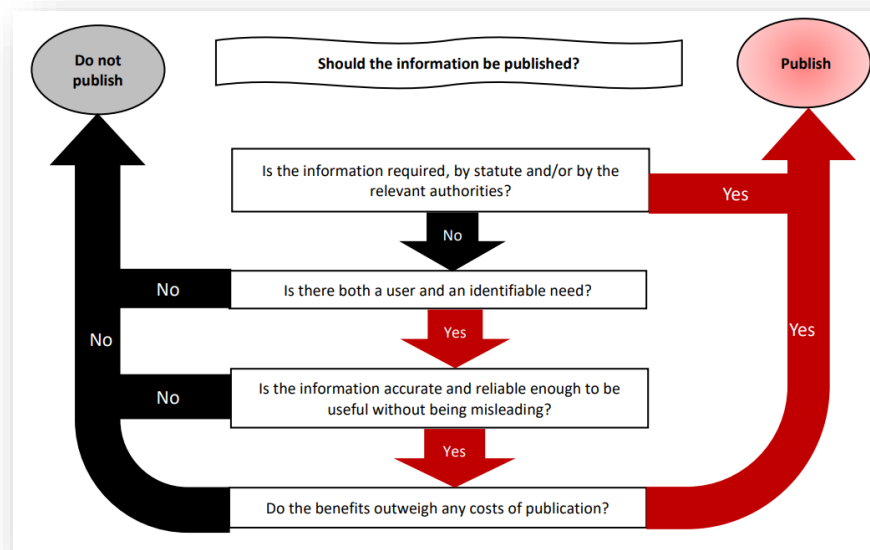
Each chapter of the review contained comments on how the FReM guidance could be revised



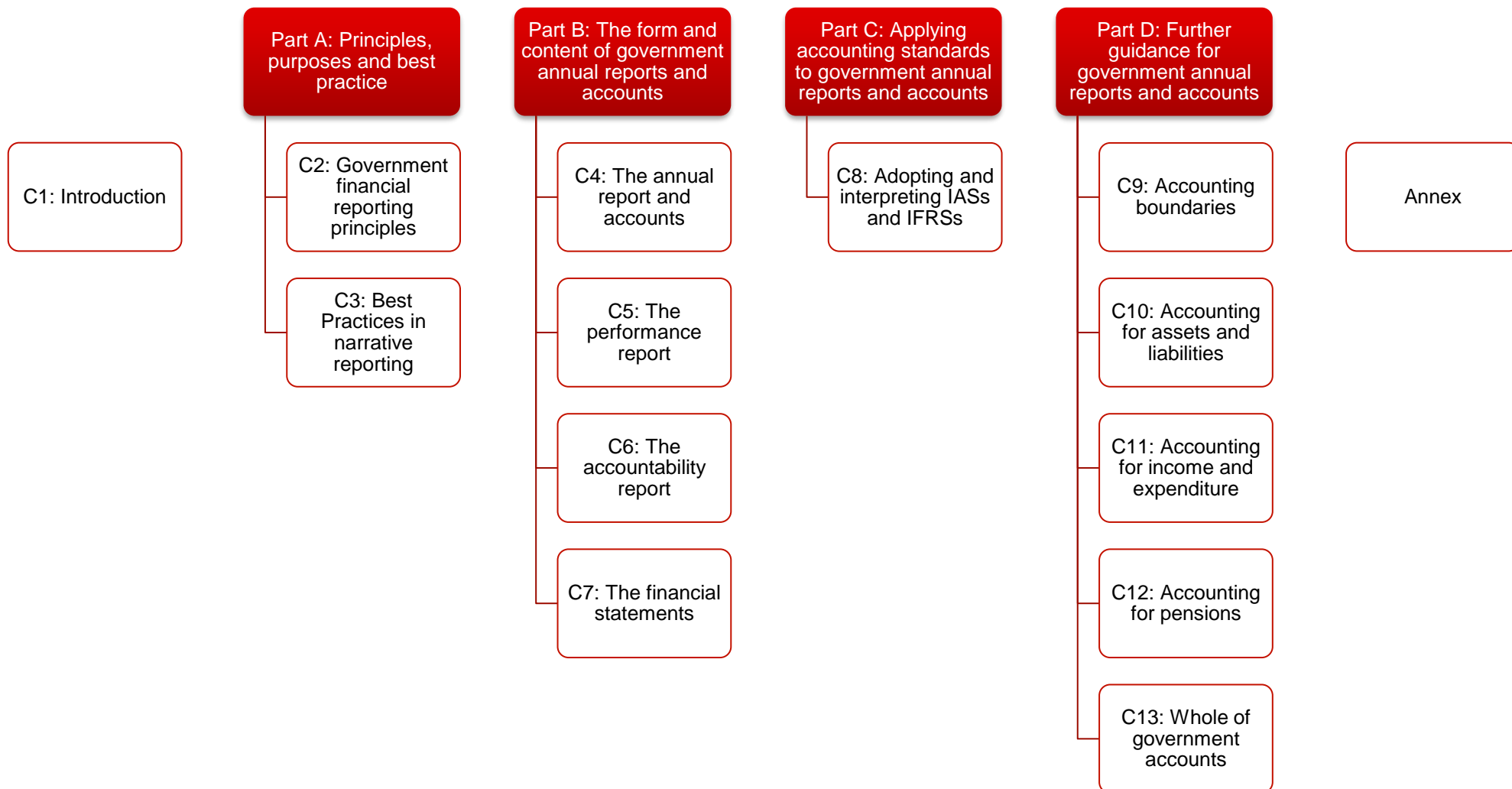
The first group of changes were made as of December 2020



The zero-based review resulted in further changes in December 2021

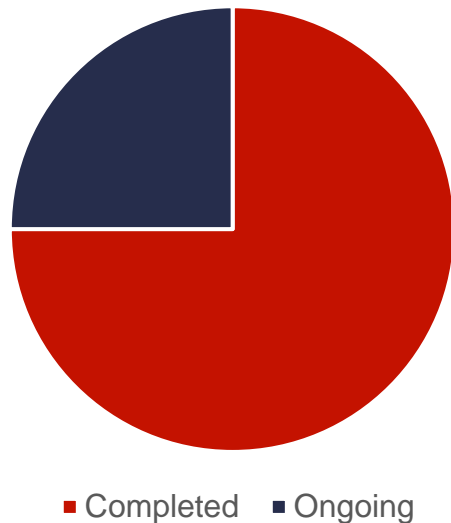


# Structural Changes to the FReM



# Chapter 2: Government financial reporting principles

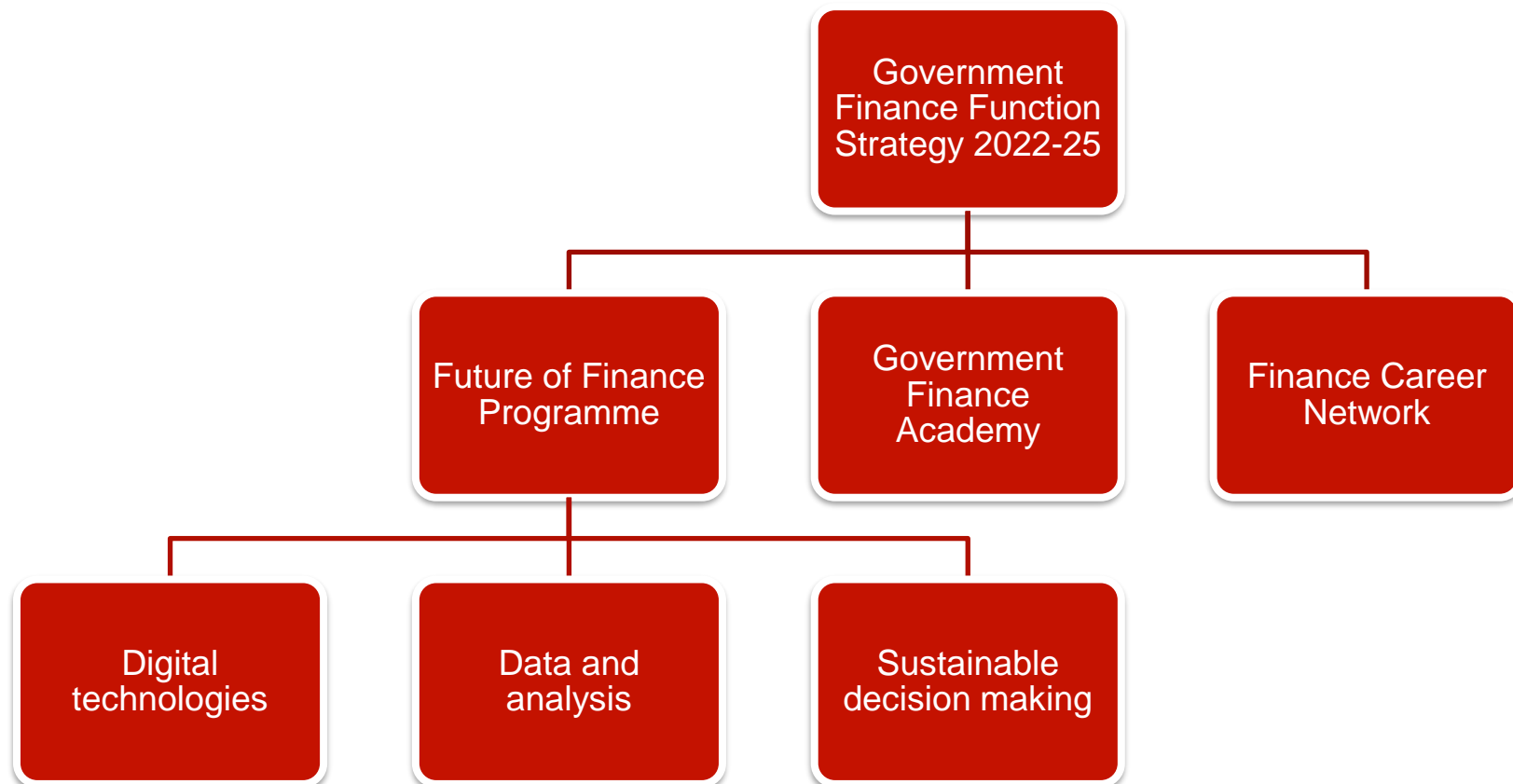
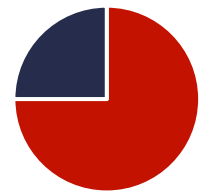
Chapter 2



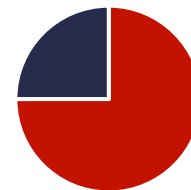
This chapter includes recommendations to:

- Form a group for users and preparers and facilitate digital transformation.
- Undertake regular Thematic Reviews.

# Chapter 2: Planning for digital transformation







# Chapter 2: Thematic Reviews

## [Thematic review of performance reporting](#)

14 December 2023 Policy paper

## [Thematic Review of Non-investment Asset Valuation](#)

15 June 2023 Policy paper

## [Strategic review of the financial reporting response to COVID-19](#)

27 April 2021 Impact assessment

## [Post implementation review of IFRS 9 and IFRS 15](#)

30 January 2020 Policy paper

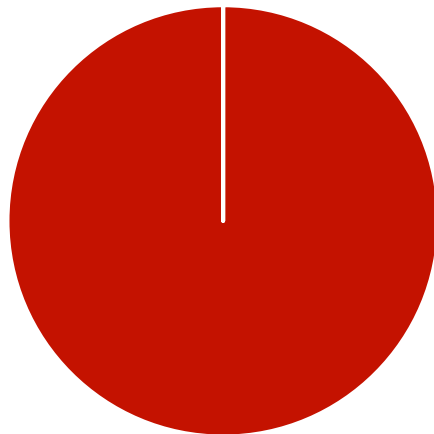


## **Performance Report Thematic Review**



# Chapter 3: Best Practices in narrative reporting

## Chapter 3

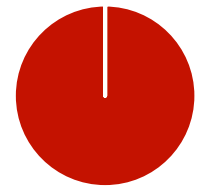


■ Completed ■ Ongoing

This chapter includes recommendations to:

- Update FReM guidance.
- Publish a bank of Best Practice examples.

# Chapter 3: Best Practice Examples



2021 - 22

[Government financial reporting review: Best practice examples from 2021-22](#)

27 April 2023 Policy paper

2020 - 21

[Government financial reporting review: Best practice examples from 2020-21](#)

7 April 2022 Policy paper

2019 - 20

[Government financial reporting review: Best practice examples from 2019-20](#)

25 March 2021 Policy paper

2018 - 19

[Government financial reporting review: Best practice examples from 2018-19](#)

26 February 2020 Policy paper

## Chapter 3 – Accountability Reporting

What should accounts preparers consider in Accountability Reporting?



Meet key accountability requirements to Parliament, as the **primary user** of central government annual reports and accounts.



Disclosures should be presented in a way that **meets the needs of users**.



Ensure all disclosure requirements are met within the report.



What is required within the Accountability Report?

- The accountability report is made up of three sections: A Corporate Governance Report; a Remuneration and Staff Report; and a Parliamentary Accountability and Audit Report.
- Entities should provide an overview of these sections and explain how they contribute to an entity's accountability.

Further information can be found on this within the [22-23 FReM](#) (Government Financial Reporting Manual).

This chapter highlights some examples of best practice in accountability reporting in departmental ARAs.



Best Practice Examples 2021-22

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## Diversity & Inclusion (2)

Example and why this is best practice

The example on this slide from [HM Courts and Tribunals Service](#):

- ✓ Gives a visual overview of the staff diversity information by using coloured charts;
- ✓ Provides the percentages for each category of protected characteristics in a clear and visually appealing way;
- ✓ Builds transparency by providing users with multi-year trend comparator, allowing them to clearly see percentage changes over time.



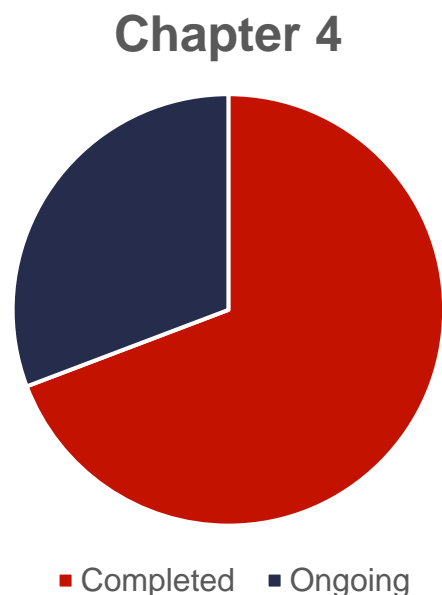
Figure 29 – HM Courts and Tribunals Service



Best Practice Examples 2021-22

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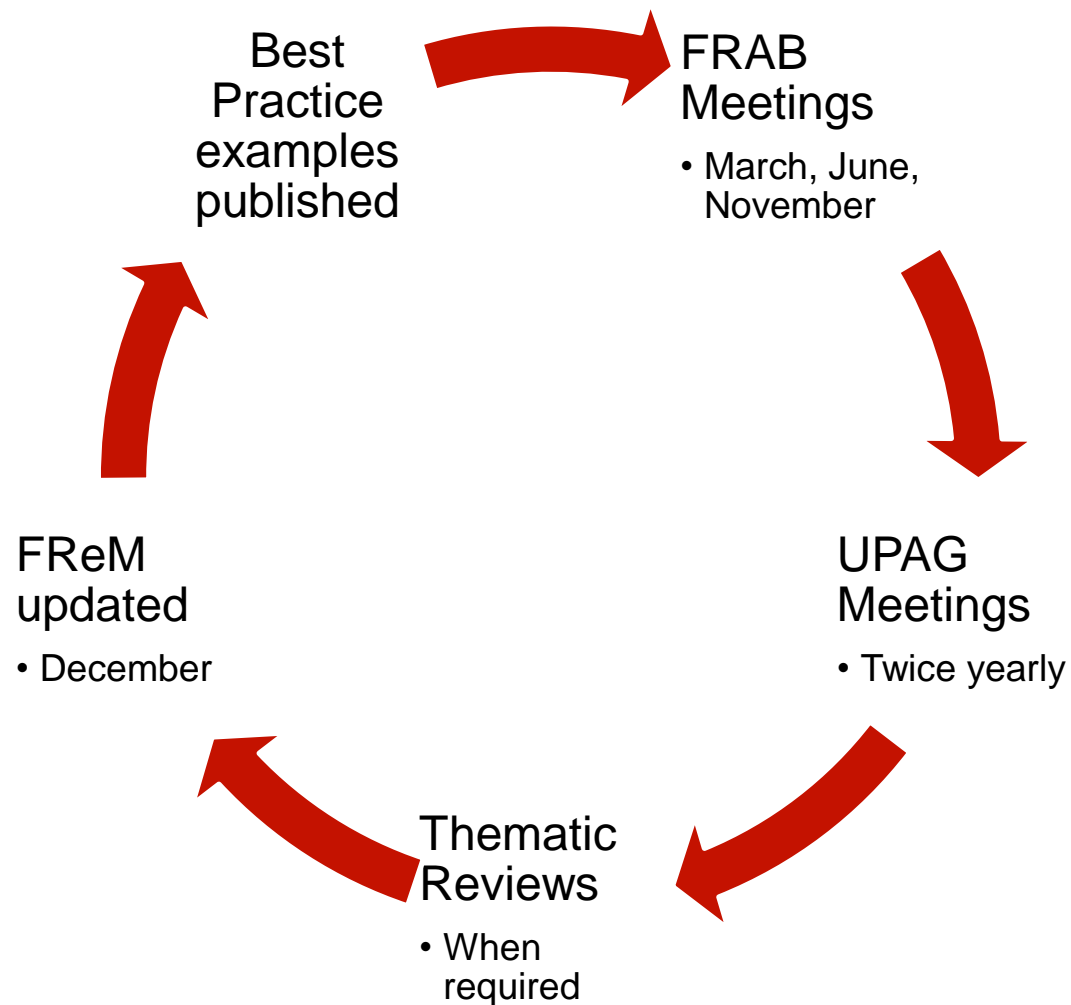
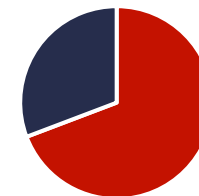
## Chapter 4: The annual report and accounts



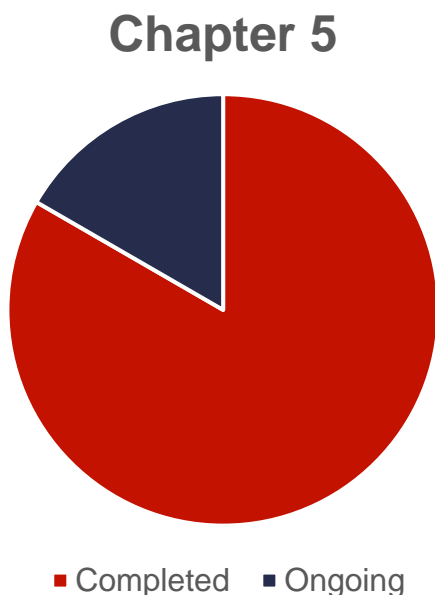
This chapter includes recommendations to:

- Signpost connections between areas of financial reporting.
- Monitor the financial landscape.

# Chapter 4: Monitoring the financial landscape



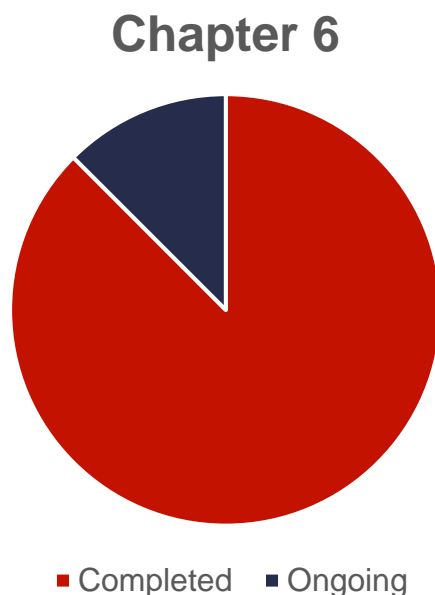
## Chapter 5: The performance report



This chapter includes recommendations to:

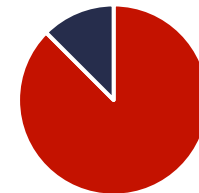
- Update FReM guidance.
- Promote trust and transparency.
- Update guidance to Accounting Officers.

## Chapter 6: The accountability report

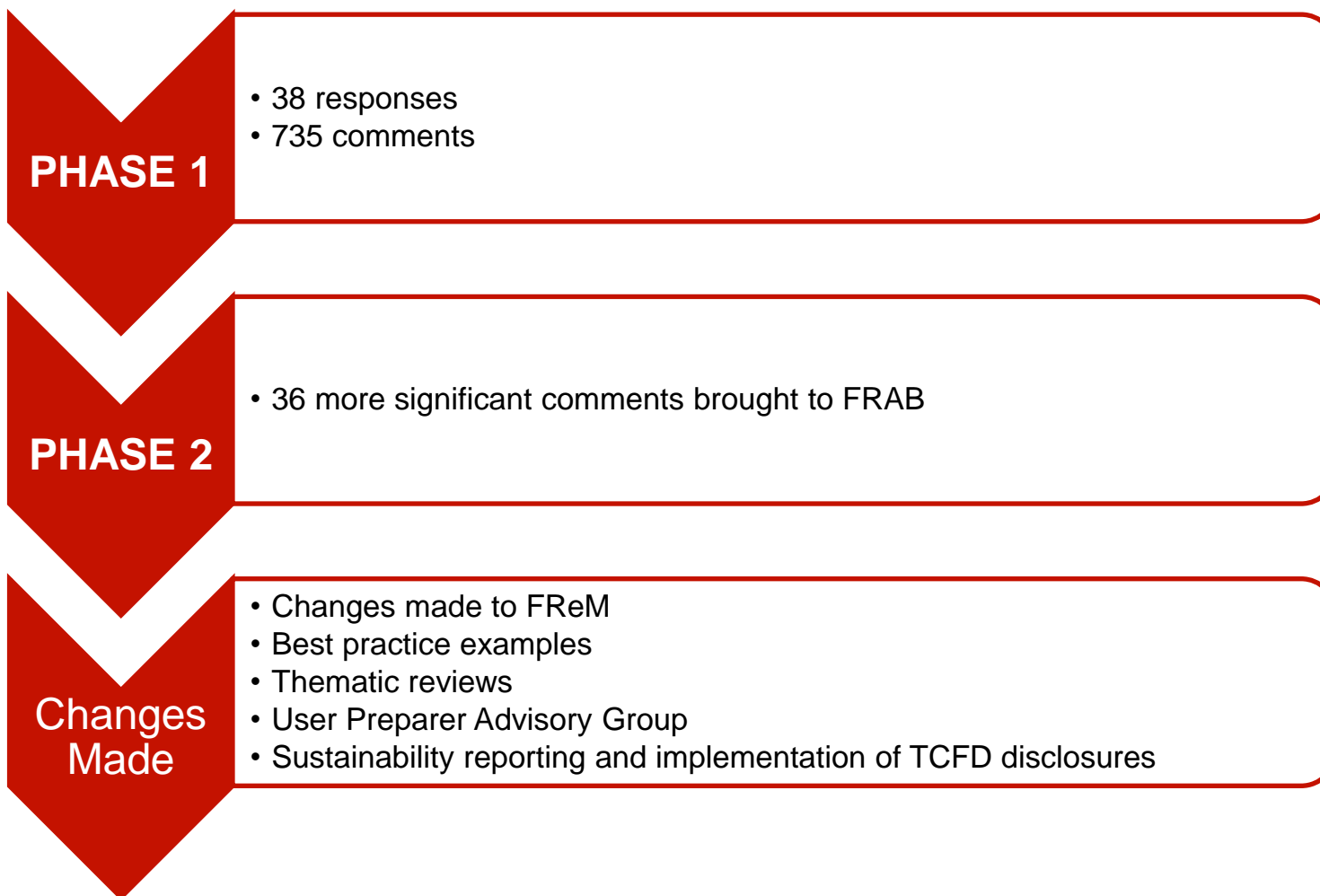


This chapter includes recommendations to:

- Undertake a zero-based review of FReM.
- Apply feedback to FReM guidance.



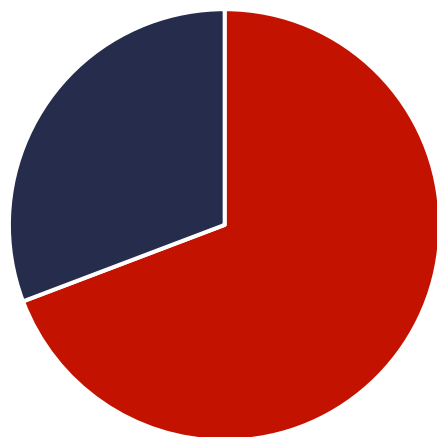
## Chapter 6: Zero-based FReM Review





## Chapter 7: The financial statements

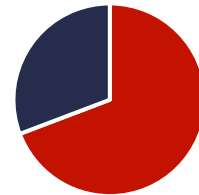
Chapter 7



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This chapter includes recommendations to:

- Update FReM guidance.
- Share a map of the financial landscape.

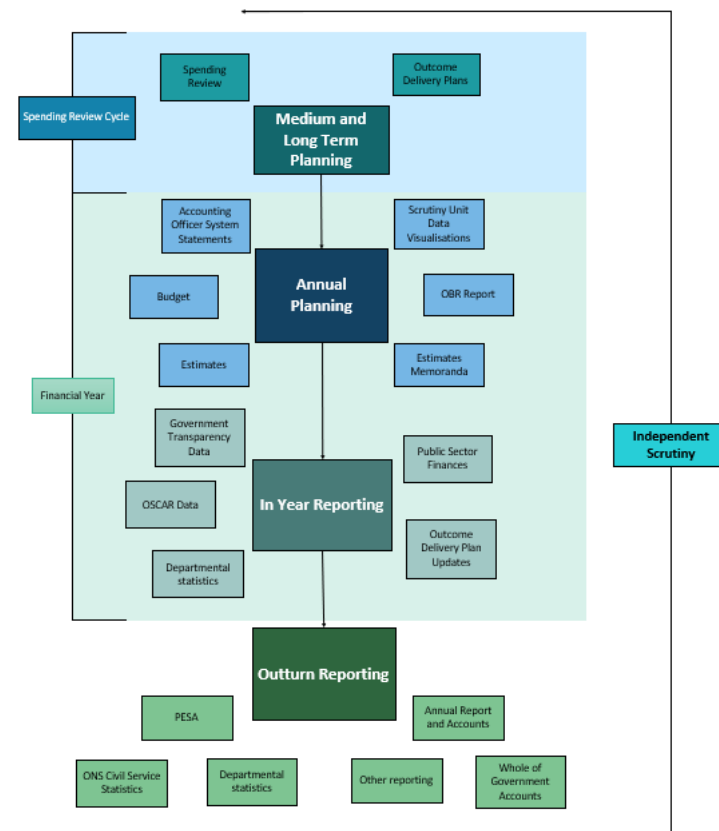


## Chapter 7: The financial statements

The Treasury maintains a dialogue with Parliament

The Scrutiny Unit are invited to FRAB and UPAG meetings

Frequency of meetings allow for flexibility and adaptability



# Consultation

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- Is there anything we have not captured in this review?
- Is there anything that could be done to make further improvements?