NHS foundation trusts: year-end statements for annual reports and accounts 2020/21

This document applies to **NHS foundation trusts**.

We have published a similar document for NHS trusts: see <https://www.england.nhs.uk/financial-accounting-and-reporting/financial-reporting/>

We have previously published the [NHS foundation trust annual reporting manual 2020/21](https://www.england.nhs.uk/financial-accounting-and-reporting/nhs-foundation-trust-annual-reporting-manual/)[[1]](#footnote-2) (FT ARM) which contains:

* model annual governance statement (annex 5 to chapter 2)
* pro-forma statement of accounting officer’s responsibilities (annex 4 to chapter 2)
* example disclosure on the Single Oversight Framework (annex 3 to chapter 2)
* pro-forma chief executive and director of finance certificate on the summarisation schedules (annex 2 to chapter 1).

This document contains no new requirements and simply provides these statements extracted from the FT ARM in Word document format to facilitate copying.

NHS foundation trusts are reminded that NHS Improvement’s [accounts and reporting timetable letter](https://www.england.nhs.uk/financial-accounting-and-reporting/financial-reporting/#Timetable2020-21)[[2]](#footnote-3) dated 15 January 2021 explains what needs to be submitted to NHS Improvement and by when. The row for 15 June sets out the details for the audited annual report and accounts.

Model annual governance statement 2020/21

This is extracted from annex 5 to chapter 2 of the FT ARM 2020/21. In the FT ARM, bold italics are used to show changes from 2019/20. The version presented here shows changes from 2019/20 in red text.

Please refer to paragraphs 2.99 – 2.102 of the FT ARM for further guidance.

[The wording which is not in square brackets in this pro forma AGS should be replicated in every AGS and the words in square brackets should be amended and expanded as appropriate to the body in question.]

### Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the NHS foundation trust’s policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me. I am also responsible for ensuring that the NHS foundation trust is administered prudently and economically and that resources are applied efficiently and effectively. I also acknowledge my responsibilities as set out in the *NHS Foundation Trust Accounting Officer Memorandum*.

### The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of [insert name of provider] NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in [insert name of provider] NHS Foundation Trust for the year ended 31 March 2021 and up to the date of approval of the annual report and accounts.

### Capacity to handle risk

[Describe the key ways in which:

* leadership is given to the risk management process; and
* staff are trained or equipped to manage risk in a way appropriate to their authority and duties. Include comment on guidance provided to them and ways in which you seek to learn from good practice.]

### The risk and control framework

[Describe the key elements of the risk management strategy, including the way in which risk (or change in risk) is identified, evaluated, and controlled. Include mention of how risk appetites are determined.Explicitly describe the key elements of the quality governance arrangements, including how the quality of performance information is assessed and how assurance is obtained routinely on compliance with CQC registration requirements. Explicitly include how risks to data security are being managed and controlled as part of this process. Include a brief description of the organisation’s major risks, including significant clinical risks, separately identifying in-year and future risks, how they are/will be managed and mitigated and how outcomes are/will be assessed. Work performed to assess whether services are well-led under NHS Improvement’s well-led framework will assist with this assessment and the trust should refer to well-led reviews as appropriate. ]

[Include a description of the principal risks to compliance with the NHS foundation trust licence condition 4 (FT governance) and actions identified to mitigate these risks, particularly in relation to:

* the effectiveness of governance structures,
* the responsibilities of directors and subcommittees;
* reporting lines and accountabilities between the board, its subcommittees and the executive team;
* the submission of timely and accurate information to assess risks to compliance with the trust’s licence; and
* the degree and rigour of oversight the board has over the trust’s performance.]

[Describe the key ways that the trust is able to assure itself of the validity of its Corporate Governance Statement, required under NHS foundation trust condition 4(8)(b)]

[Describe key ways in which risk management is embedded in the activity of the organisation. For example, set out the ways in which equality impact assessments are integrated into core trust business or how incident reporting is openly encouraged and handled across the trust.]

[Describe the key elements of the way in which public stakeholders are involved in managing risks which impact on them.]

[Describe the key ways in which the Trust ensures that short, medium and long-term workforce strategies and staffing systems are in place which assure the Board that staffing processes are safe, sustainable and effective. Describe how your Trust complies with the ‘*Developing Workforce Safeguards*’ recommendations.]

The foundation trust is fully/is not fully compliant with the registration requirements of the Care Quality Commission.

The foundation trust has published on its website an up-to-date register of interests, including gifts and hospitality, for decision-making staff (as defined by the trust with reference to the guidance) within the past twelve months, as required by the ‘*Managing Conflicts of Interest in the NHS*’ guidance.

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that deductions from salary, employer’s contributions and payments into the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

Control measures are in place to ensure that all the organisation’s obligations under equality, diversity and human rights legislation are complied with.

The foundation trust has undertaken risk assessments and has a sustainable development management plan in place which takes account of UK Climate Projections 2018 (UKCP18). The trust ensures that its obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

### Review of economy, efficiency and effectiveness of the use of resources

[Describe the key process that has been applied to ensure that resources are used economically, efficiently and effectively, including some comment on the role of the board, internal audit and any other review or assurance mechanisms.]

### Information governance

Update for 2020/21: [Describe any serious incidents relating to information governance including data loss or confidentiality breach. As a minimum this should include details of any incidents notified to the ICO/DHSC in the Data Security Incident Reporting Tool. For these cases the foundation trust should detail any action taken by the ICO.]

### Data quality and governance

[Brief description of steps which have been put in place to assure the board that appropriate controls in place to ensure the accuracy of data

These steps would cover areas such as:

* governance and leadership;
* the role of policies and plans in ensuring quality of care provided;
* systems and processes;
* people and skills; and
* data use and reporting (comments on the systems in place to review and report the quality metrics, focusing on both data collection and reporting).

In particular this should explain how the foundation trust assures the quality and accuracy of elective waiting time data, and the risks to the quality and accuracy of this data]

### Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS foundation trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the board, the audit committee [and risk/ clinical governance/ quality committee, if appropriate] and a plan to address weaknesses and ensure continuous improvement of the system is in place.

[Describe the process that has been appl**i**ed in maintaining and reviewing the effectiveness of the system of internal control, including some comment on the role and conclusions of:

* the board
* the audit committee
* if relevant, the risk/ clinical governance/ quality committee/risk managers/risk improvement manager
* clinical audit
* internal audit and
* other explicit review/assurance mechanisms.

Include an outline of the actions taken, or proposed to deal with any significant internal control issues and gaps in control, if applicable.]

**Conclusion**

[state either that no significant internal control issues have been identified or make specific reference to those significant internal control issues which have been identified in the body of the AGS above]

Signed………………..

Chief Executive Date: xx xx 2021

### Drafting guidance

PLEASE NOTE the requirement above: The Conclusion section must clearly state either that no significant internal control issues have been identified, or specifically list the significant internal control issues which have been identified in the body of the AGS.

**Determining significant internal control issues**

Applying the requirements of paragraph 2.99, the following list gives examples of factors to consider when determining whether an internal control issue is significant. This list is not intended to be exhaustive.

* Might the issue prejudice achievement of priorities?
* Could the issue undermine the integrity or reputation of the NHS?
* What view does the Audit Committee take on this point?
* What advice has the internal or external audit given?
* Could delivery of the standards expected of the Accounting Officer be at risk?
* Has the issue made it harder to resist fraud or other misuse of resources?
* Did the issue divert resources from another significant aspect of the business?
* Could the issue have a material impact on the accounts?
* Might national or data security or integrity be put at risk?

Model statement of accounting officer’s responsibilities

This is extracted from annex 4 to chapter 2 of the FT ARM 2020/21.

### Statement of the chief executive's responsibilities as the accounting officer of [name of provider] NHS Foundation Trust

The NHS Act 2006 states that the chief executive is the accounting officer of the NHS foundation trust. The relevant responsibilities of the accounting officer, including their responsibility for the propriety and regularity of public finances for which they are answerable, and for the keeping of proper accounts, are set out in the *NHS Foundation Trust Accounting Officer Memorandum* issued by NHS Improvement.

NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require [name] NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis required by those Directions. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of [name] NHS Foundation Trust and of its income and expenditure, other items of comprehensive income and cash flows for the financial year.

In preparing the accounts and overseeing the use of public funds, the Accounting Officer is required to comply with the requirements of the Department of Health and Social Care’s Group Accounting Manual and in particular to:

* observe the Accounts Direction issued by NHS Improvement, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
* make judgements and estimates on a reasonable basis
* state whether applicable accounting standards as set out in the *NHS Foundation Trust Annual Reporting Manual* (and the *Department of Health and Social Care Group Accounting Manual*)have been followed, and disclose and explain any material departures in the financial statements
* ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance
* confirm that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess the NHS foundation trust’s performance, business model and strategy and
* prepare the financial statements on a going concern basis and disclose any material uncertainties over going concern.

The accounting officer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the NHS foundation trust and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned Act. The Accounting Officer is also responsible for safeguarding the assets of the NHS foundation trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

As far as I am aware, there is no relevant audit information of which the foundation trust’s auditors are unaware, and I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the entity’s auditors are aware of that information.

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in the *NHS Foundation Trust Accounting Officer Memorandum*.

Signed………………..

Chief Executive Date: xx xx 2021

NHS Oversight Framework – example disclosure

This is extracted from annex 3 to chapter 2 of the FT ARM 2020/21. The version presented here shows changes from 2019/20 in red text.

*NHS Oversight Framework*

NHS England and NHS Improvement’s NHS Oversight Framework provides the framework for overseeing providers and identifying potential support needs. The framework looks at five themes:

* quality of care
* finance and use of resources
* operational performance
* strategic change
* leadership and improvement capability (well-led)

Based on information from these themes, providers are segmented from 1 to 4, where ‘4’ reflects providers receiving the most support, and ‘1’ reflects providers with maximum autonomy. A foundation trust will only be in segments 3 or 4 where it has been found to be in breach or suspected breach of its licence.

*Segmentation*

[*The foundation trust should disclose the segment in which NHS Improvement has placed it, using the most up-to-date information available at the time of preparing the annual report. This should include details of any enforcement action taken by NHS Improvement (Monitor) together with any actions being taken or proposed action by the trust. This can cross-refer to another part of the annual report (such as the annual governance statement) if appropriate*.]

This segmentation information is the trust’s position as at [*date*]. Current segmentation information for NHS trusts and foundation trusts is published on the NHS Improvement website.

*[Drafting note for 2020/21: This disclosure is being simplified this year end, with the following information not mandatory for 2020/21.]*

*~~Finance and use of resources~~*

~~The finance and use of resources theme is based on the scoring of five measures from ‘1’ to ‘4’, where ‘1’ reflects the strongest performance. These scores are then weighted to give an overall score. Given that finance and use of resources is only one of the five themes feeding into the NHS Oversight Framework, the segmentation of the trust disclosed above might not be the same as the overall finance score here.~~

|  |  |  |  |
| --- | --- | --- | --- |
| **~~Area~~** | **~~Metric~~** | **~~2020/21 scores~~** | **~~2019/20 scores~~** |
| **~~Q4~~** | **~~Q3~~** | **~~Q2~~** | **~~Q1~~** | **~~Q4~~** | **~~Q3~~** | **~~Q2~~** | **~~Q1~~** |
| ~~Financial sustainability~~ | ~~Capital service capacity~~ | ~~[x]~~ | ~~[x]~~ | ~~[x]~~ | ~~[x]~~ | ~~[x]~~ | ~~[x]~~ | ~~[x]~~ | ~~[x]~~ |
| ~~Liquidity~~ | ~~[x]~~ | ~~[x]~~ | ~~[x]~~ | ~~[x]~~ | ~~[x]~~ | ~~[x]~~ | ~~[x]~~ | ~~[x]~~ |
| ~~Financial efficiency~~ | ~~I&E margin~~ | ~~[x]~~ | ~~[x]~~ | ~~[x]~~ | ~~[x]~~ | ~~[x]~~ | ~~[x]~~ | ~~[x]~~ | ~~[x]~~ |
| ~~Financial controls~~ | ~~Distance from financial plan~~ | ~~[x]~~ | ~~[x]~~ | ~~[x]~~ | ~~[x]~~ | ~~[x]~~ | ~~[x]~~ | ~~[x]~~ | ~~[x]~~ |
| ~~Agency spend~~ | ~~[x]~~ | ~~[x]~~ | ~~[x]~~ | ~~[x]~~ | ~~[x]~~ | ~~[x]~~ | ~~[x]~~ | ~~[x]~~ |
| **~~Overall scoring~~** | **~~[x]~~** | **~~[x]~~** | **~~[x]~~** | **~~[x]~~** | **~~[x]~~** | **~~[x]~~** | **~~[x]~~** | **~~[x]~~** |

~~[~~*~~Any further commentary the foundation trust wishes to add~~*~~.]~~

Certificate on summarisation schedules

This is extracted from annex 2 to chapter 1 of the FT ARM 2020/21.

**Trust Accounts Consolidation (TAC) Summarisation Schedules for […] NHS Foundation Trust**

Summarisation schedules numbers TAC01 to TAC34 and accompanying WGA sheets for 2020/21 have been completed and this certificate accompanies them.

**Finance Director Certificate**

1. I certify that the TAC schedules have been compiled and are in accordance with:

* the financial records maintained by the NHS foundation trust
* accounting standards and policies which comply with the Department of Health and Social Care’s Group Accounting Manual and
* the template accounting policies for NHS foundation trusts issued by NHS Improvement, or any deviation from these policies has been fully explained in the Confirmation questions in theTAC schedules***.***

2. I certify that the TAC schedules are internally consistent and that there are no validation errors\*.

3. I certify that the information in the TAC schedules is consistent with the financial statements of the NHS foundation trust [\*\*except for [insert text highlighting where the schedules differ from the accounts and explain the differences]].

[Signature]

[Name], Director of Finance

[Date]

 **Chief Executive Certificate**

1. I acknowledge the accompanying TAC schedules, which have been prepared and certified by the Finance Director, as the TAC schedules which the foundation trust is required to submit to NHS Improvement.

2. I have reviewed the schedules and agree the statements made by the Director of Finance above.

[Signature]

[Name], Chief Executive

[Date]

*\* If you are unable to eliminate validation errors after discussions with your auditors and contacting NHS Improvement then amend this accordingly.*

*\*\* Please insert the ‘except for’ clause only if applicable.*

1. <https://www.england.nhs.uk/financial-accounting-and-reporting/nhs-foundation-trust-annual-reporting-manual/> [↑](#footnote-ref-2)
2. <https://www.england.nhs.uk/financial-accounting-and-reporting/financial-reporting/#Timetable2020-21> – If this link doesn’t work for you, use the main page link in the box above and use the shortcut at the top of the page. [↑](#footnote-ref-3)