

NHS trusts: requirements for annual governance statements and other year-end material 2020/21

Contents

Introduction	2
Changes for 2020/21 compared to 2019/20	2
Submission of accounts and public meeting on accounts for NHS trusts	2
Annual governance statements for NHS trusts: 2020/21	4
Statement of the chief executive's responsibilities as the accountable officer of the trust	11
Statement of directors' responsibilities in respect of the accounts	12
Certificate on summarisation schedules	13

This document applies to NHS trusts. NHS foundation trusts should refer to the [Foundation Trust Annual Reporting Manual](#)¹ (FT ARM) which provides information on annual report requirements.

¹ <https://www.england.nhs.uk/financial-accounting-and-reporting/nhs-foundation-trust-annual-reporting-manual/>



Introduction

The Department of Health and Social Care (DHSC)'s [Group Accounting Manual](#)² (GAM) details the requirements for NHS trusts' annual reports. This guidance from NHS Improvement supplements the GAM. This document is supplemented by the pro forma statements issued in Word form to facilitate copying.

Changes for 2020/21 compared to 2019/20

For the matters covered in this document, there are the following changes compared to the prior year:

- **Annual Governance Statement:** The requirement to disclose incidents relating to information governance in the annual governance statement has been updated to reflect the Data Security Incident Reporting Tool.

Submission of accounts and public meeting on accounts for NHS trusts

Requirements for NHS trusts to present annual report and accounts at a public meeting

The National Health Service Trusts (Public Meetings) Regulations state that the prescribed time for holding the public meeting for the presentation of the audited accounts, annual report and any report on the accounts is on or before 30th September each year. We read 'public meeting' as meaning a meeting at which the public are able to attend. Although the Regulations prescribe a time by which a public meeting should be held, there is nothing that prevents a trust from publishing earlier (for example, on its website). As soon as the document is published, it is a public document.

Arrangements for submission of annual report and accounts

NHS trusts are reminded that NHS Improvement's [accounts and reporting timetable letter](#)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. Please note that the NHS trust is responsible for making all required submissions to NHS Improvement and it is not the responsibility of the

² <https://www.gov.uk/government/publications/dhsc-group-accounting-manual-2020-to-2021>

³ <https://www.england.nhs.uk/financial-accounting-and-reporting/financial-reporting/#Timetable2020-21>

auditor. Please ensure you have arrangements in place with your auditors to obtain what you need.

Making annual report and accounts publicly available

Separate from the Regulations relating to holding a public meeting, NHS trusts are reminded that the timetable letter from NHS Improvement includes the step:

<p>Deadline: Monday 20th September 2021</p>	<p>NHS trusts to publish annual report and accounts</p> <p>Each NHS trust should make its 2020/21 annual report and accounts available on its website. As guided by the DHSC GAM, an NHS trust may choose to additionally publish a “performance report overview and supplementary material”. If this document is published on the trust’s website, it must include a statement on how the user can obtain the full annual report and accounts.</p> <p>In either case, NHS Improvement will consider NHS trusts’ accounts data to be in the public domain after 20th September 2021.</p>
--	--

Annual governance statements for NHS trusts: 2020/21

Purpose

The Department of Health and Social Care (DHSC)'s [Group Accounting Manual](#)¹ (GAM) requires NHS trusts to include an annual governance statement (AGS) in their annual report. Paragraph 3.42 states that NHS trusts must follow guidance issued by NHS Improvement on the format of the annual governance statement.

Preparation and submission arrangements

The AGS forms part of the annual report. The requirements for submission of the annual report are set out in NHS Improvement's [accounts and reporting timetable letter](#)³ dated 15 January 2021. There are no separate submission arrangements for annual governance statements specifically.

Responsibilities of NHS trust accountable officers and NHS Improvement

NHS Improvement will publish consolidated provider accounts including a consolidated annual governance statement for the provider sector. The Chief Executive of NHS Improvement, in her capacity as the Accounting Officer (AO) for the NHS Trust Development Authority legal entity, requires NHS trusts' accountable officers to give assurance about the stewardship of their organisations.

Required content of annual governance statements

A model AGS is attached to this document, but should be adapted and expanded to reflect the particular circumstance of the NHS trust. NHS Improvement does not prescribe which issues should be considered to be significant control issues. NHS trusts should ensure that a consistent definition of what constitutes significance is applied from year to year. Guidance on examples of factors to consider in determining whether an issue is significant is provided below.

In applying this model format, NHS trusts must note the requirement that **the conclusion section must either:**

- **clearly state 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.**

The AGS includes reference to services being well-led. Trusts should refer to NHS England and NHS Improvement's well-led framework published at <https://www.england.nhs.uk/well-led-framework/>.

In addition the AGS should include:

- **Update for 2020/21:** Disclosure of 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 trust should detail any action taken by the ICO.** If disclosure would be prejudicial to any ongoing investigations or disciplinary or regulatory proceedings, details may be omitted.

- Information on the Board's committee structure, changes in personnel of executives and non-executives, the Board's performance, including its assessment of its own effectiveness and that the required standards are achieved.
- A statement on how the NHS trust assures the quality and accuracy of elective waiting time data and the risks to the quality and accuracy of this data.
- A description of 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*'⁴ recommendations.
- A statement that the 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*'⁵ guidance.

These are reflected in the model annual governance statement attached.

Determining significant internal control issues

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 internal or external audit given?
- Could delivery of the standards expected of the Accountable Officer be at risk?

⁴ <https://improvement.nhs.uk/resources/developing-workforce-safeguards/>

⁵ <https://www.england.nhs.uk/publication/managing-conflicts-of-interest-in-the-nhs-guidance-for-staff-and-organisations/>

- 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 annual governance statement

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

Scope of responsibility

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the NHS 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 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 Trust Accountable 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 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 Trust for the year ended 31 March 20xx 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 provider licence^{6, 7} condition 4 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 conditions of the licence; and
- the degree and rigour of oversight the board has over the trust's performance.]

[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 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*'⁸ recommendations.]

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

⁶ <https://www.gov.uk/government/publications/the-nhs-provider-licence>

⁷ While NHS trusts are exempt from the requirement to apply for and hold the licence, directions from the Secretary of State require NHS TDA to ensure that NHS trusts comply with conditions equivalent to the licence as it deems appropriate. This includes giving directions to an NHS trust where necessary to ensure compliance. We aim to treat all providers in comparable circumstances similarly unless there is sound reason not to. We therefore base our oversight, using the Single Oversight Framework, of all NHS trusts and NHS foundation trusts on the conditions of the NHS provider licence.

⁸ <https://improvement.nhs.uk/resources/developing-workforce-safeguards/>

The 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 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 there are appropriate controls in place to ensure the accuracy of data.

In particular this should explain how the 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 Accountable 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 trust who have responsibility

for the development and maintenance of the internal control framework. I have drawn on the information provided in this annual report and other 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 applied 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 20xx

Statement of the chief executive's responsibilities as the accountable officer of the trust

The Chief Executive of NHS Improvement, in exercise of powers conferred on the NHS Trust Development Authority, has designated that the Chief Executive should be the Accountable Officer of the trust. The relevant responsibilities of Accountable Officers are set out in the *NHS Trust Accountable Officer Memorandum*. These include ensuring that:

- there are effective management systems in place to safeguard public funds and assets and assist in the implementation of corporate governance
- value for money is achieved from the resources available to the trust
- the expenditure and income of the trust has been applied to the purposes intended by Parliament and conform to the authorities which govern them
- effective and sound financial management systems are in place and
- annual statutory accounts are prepared in a format directed by the Secretary of State to give a true and fair view of the state of affairs as at the end of the financial year and the income and expenditure, other items of comprehensive income and cash flows for the year.

As far as I am aware, there is no relevant audit information of which the 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 my letter of appointment as an Accountable Officer.

Signed.....Chief Executive

Date.....

Statement of directors' responsibilities in respect of the accounts

The directors are required under the National Health Service Act 2006 to prepare accounts for each financial year. The Secretary of State, with the approval of HM Treasury, directs that these accounts give a true and fair view of the state of affairs of the trust and of the income and expenditure, other items of comprehensive income and cash flows for the year. In preparing those accounts, the directors are required to:

- apply on a consistent basis accounting policies laid down by the Secretary of State with the approval of the Treasury
- make judgements and estimates which are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts and
- prepare the financial statements on a going concern basis and disclose any material uncertainties over going concern.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the trust and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned direction of the Secretary of State. They are also responsible for safeguarding the assets of the trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm to the best of their knowledge and belief they have complied with the above requirements in preparing the accounts.

The directors 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 trust's performance, business model and strategy

By order of the Board

.....Date.....Chief Executive

.....Date.....Finance Director

Certificate on summarisation schedules

Trust Accounts Consolidation (TAC) Summarisation Schedules for [...] NHS 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 attached TAC schedules have been compiled and are in accordance with:
 - the financial records maintained by the NHS 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 trusts issued by NHS Improvement, or any deviation from these policies has been fully explained in the Confirmation questions in the TAC 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 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 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.*