

HEALTH AND SOCIAL CARE ACT 2012

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 4 – NHS foundation trusts and NHS trusts

Governance and management

Section 154 – Accounts: initial arrangements

1005. This section, and the following section on variations to initial arrangements for accounts, make changes to the accounting requirements of foundation trusts. These sections amend provisions in Schedule 7 to the NHS Act and specify Monitor’s responsibilities in relation to the production of foundation trust accounts. They reflect changes to government accounting rules, allow the Secretary of State to fulfil his functions and remove an aspect of Monitor’s role which was specific to foundation trusts and is not therefore appropriate to its role as health sector regulator.
1006. This section specifies the initial arrangements for foundation trust accounts, amending the existing provisions in paragraphs 24 and 25 of Schedule 7 to the NHS Act under which Monitor has powers to direct foundation trusts on form, content and other matters relating to foundation trust accounts.
1007. The section requires Monitor to seek the approval of the Secretary of State, rather than of HM Treasury, on foundation trust accounting matters. This enables the Secretary of State to ensure that the accounting directions issued by Monitor are in line with the accounting framework that the Department of Health must follow in preparing its accounts, set out by HM Treasury in their Financial Reporting and Accounting Manual.
1008. During the financial year 2011/12 foundation trusts moved within the Department’s accounting boundary under the cross-Government “clear line of sight” initiative. The effect of this is that foundation trusts are fully consolidated into the Department’s resource account. Therefore, foundation trust accounts will, need to be produced to the same standards and timescales as those of the Department and other organisations in the Department’s “group”. As the Department must produce its accounts in accordance with HM Treasury guidance, subject to any agreed divergence, foundation trust accounts must be consistent with HM Treasury accounting guidance.