



Department of  
**Health**

An Roinn Sláinte

Máinnistrie O Poustie

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<p><b>Subject:</b> FD (DoF) 01-26 and Manual of Accounts 2025-26</p>	<p><b>Circular Ref:</b> HSC(F) 03-2026</p> <p><b>DoH Ref:</b> HE1/26/124967</p> <p><b>Date of Issue:</b> 26 March 2026</p>
<p><b>For Action by:</b> The Director of Finance of each HSC Trust, Board, NDPB and Special Agency (Arms' Length Bodies).</p> <p><b>For Information to:</b> The Chief Executive of Arms' Length Bodies.</p> <p><b>Summary of Contents:</b> FD (DoF) 01-26, Manual of Accounts</p> <p><b>Enquiries:</b></p> <p>Any enquiries about the contents of this Circular should be addressed to:</p> <p>Financial Accounting Unit DoH Room D3 Castle Buildings Stormont BELFAST BT4 3SQ</p> <p><a href="mailto:financial.accountingunit@health-ni.gov.uk">financial.accountingunit@health-ni.gov.uk</a></p>	<p><b>Related documents:</b> <a href="#">FReM 2025-26</a> <a href="#">HSC(F) 27-2025</a> <a href="#">FD(DoF) 09-22</a></p> <p><b>Superseded Documents:</b> HSC (F) 07-2025 FReM 2024-25</p> <p><b>Expiry Date:</b> November 2026</p> <p><b>Status of Contents:</b> For information and Action as appropriate</p> <p><b>Implementation:</b> Immediate</p>

## FD (DoF) 01-26 AND MANUAL OF ACCOUNTS

- 1) DoF has issued **FD (DoF) 01-26 Departmental Annual Reports and Accounts 2025-26**. While this is issued to Departments, it is applicable to all entities who apply the *Government's Financial Reporting Manual (FReM)*, and there is essential guidance contained within for all DoH bodies.
- 2) As all DoH bodies must comply with the *FReM*, *NDPB Green pro-forma* and DoF guidance, the manual is intended to only provide some additional specific DoH information, and not as a replacement for the existing guidance.
- 3) Note that circular HSC(F) 27-2025 has already shared, the latest version of **FReM** and the illustrative accounts pro formas. These can also be found on the Accountability and Financial Management (AFMD) section of the Department of Finance (DoF) website, along with links to previous versions of FReM for reference. FReM is also available directly from Treasury's website.
- 4) Links to the guidance documents are listed at **Annex A**.

### Remuneration Report

- 5) The Manual of Accounts has been updated to include reference to Directors' salary disclosed within the remuneration report.
- 6) Directors' salaries are to be disclosed as accrued pay in line with DoH policy.
- 7) Non-Executive Directors (NEDs) are to be excluded from fair pay calculations.

### Final outturn and Accounts

- 8) Under Review of Financial Process, DoH will include the financial information of DoH Bodies in the consolidated DoH Group accounts. This means that any draft to final changes made in DoH Bodies' accounts will now also impact the DoH group accounts.
- 9) If changes are made to the DoH Bodies' accounts between draft and final accounts stage, but are not reflected in the DoH Group accounts, this will/may lead to adjustments in the following year for both accounts and budgets. So, for example, a late accrual identified as part of the audit process, which is included in the ALB's accounts in 2025-26, but not in the DoH Group accounts, will now actually be charged to the ALB's 2026-27 budget.
- 10) Managing such adjustments in future years would be challenging for both accounts and budgets, therefore, to mitigate these impacts any changes made to DoH Bodies' accounts will also need to be made to the DoH Group accounts, so that the final DoH Bodies' accounts align with the final DoH Group accounts.
- 11) Early engagement by DoH Bodies with DoH Financial Accounting Unit and the audit team on any differences should occur, as soon as they are discovered, so that agreement can be reached on their materiality and subsequent treatment. Early notification increases the opportunity for significant adjustments to be incorporated into the Departmental accounts and for the mismatch described above to be avoided. DoH Finance Directorate must be involved in the

consideration of any changes to be made to the accounts after the version submitted for consolidation.

- 12) Guidance issued by DoF in March 2023 has been included at **Annex B** for reference again for 2025-26.

### **Accounts Template**

- 13) As each ALB is responsible for their own detailed accounts templates linked to their individual trial balances, each ALB should reflect the required changes detailed within *FReM* and *NDPB Green*, within their own template, which may also include additional detail of relevance to their ALB.

### **Consolidated Trust Funds**

- 14) Consolidating the share of a Charitable Trust Fund (CTF) into the Trust accounts does not negate trusts requirement to prepare, and file, separate CTF accounts. ALBs should continue to complete this work in line with the accounts timetable.

### **Action**

- 15) Directors of Finance are asked to bring this communication and supporting guidance to the immediate attention of staff involved in annual report and accounts preparation.
- 16) If you have any queries in relation to the contents of this circular please contact me; ([Jacqueline.keating@health-ni.gov.uk](mailto:Jacqueline.keating@health-ni.gov.uk); 028 9076 5632).

**Jacqueline Keating**  
**DoH Head of Financial Accounting**

## **Department of Health ALB Manual of Accounts**

See link below:

- [DOH Manual of Accounts 2025-26](#)

## **Government Financial Reporting Manual (FReM)**

See links below:

- [DoF AFMD 2025-26 FReM and NDPB Green pro forma](#)
- [HM Treasury link to FReM](#)
- [DoF AFMD previous years' FReM](#)

## **Department of Finance - Finance Director Letters**

See links below:

[FD \(DoF\) 07-25 Government Financial Reporting Manual \(FReM\) 2025-26](#)  
[FD \(DoF\) 01-26 Departmental Annual Report and Accounts 2025-26](#)

## FINAL OUTTURN AND ACCOUNTS

### Background

Previously, departments' accounts contained the cash grant paid to Arm's Length Bodies which was fixed and not subject to change after year end. This treatment allowed departmental accounts to reflect the interaction between departments and ALBs at an early stage in the process and contributed to the Faster Closing target.

Under Review of Financial Process, departments will record the expenditure of their Arm's Length Bodies as part of their consolidated accounts. This change in treatment creates the potential that changes to the Arm's Length Bodies accounts will have an impact on the consolidated accounts and Final Outturn.

### Action taken

1. Discussion with Departmental Representatives at the Departmental Working Group.
2. HMT consulted about the treatment applied in Whitehall under their Clear Line of Sight process.
3. Consolidated Budgeting Guidance consulted.

### Conclusion and Guidance

Where a department has consolidated accounts, once the consolidated accounts are finalised and audited, then it is expected that Final Outturn recording will reflect those accounts.

Should a subsequent audit of an Arm's Length Body reveal differences between what was included in the audited and certified consolidated accounts and the true reflection of the ALB position then consideration must be given to whether or not the change is material. Ideally, all significant ALBs' accounts would be audited in advance of completion of the consolidated accounts, and so it is expected that the vast majority of differences should not be material to the consolidated accounts. However, both treatments are provided below, for completeness.

Non-Material Differences – If the audit view is that the change is not material then there is no requirement to change the accounts and whilst materiality is not primarily a budget concept, in this instance DoF will not require Final Outturn to be amended. This ensures that consolidated accounts and Final Outturn should agree and is the same approach adopted by HM Treasury. In accounts, these non-material differences should be adjusted in the following year through the opening balances and reserves with no restatements required.

Material Differences – Should a subsequent audit reveal differences between the consolidated accounts and the ALB accounts that are deemed to be material then a Prior Period Adjustment (PPA) should be processed in Budgets, Estimates and Accounts.

Where a PPA results from the correction of an error, it has the potential to change net budgets and thus the reported outturn for previous years. In such cases it is proper that Assembly authority is sought for the budgetary cover that should have been sought previously had the expenditure been identified correctly. Such PPAs must therefore be recorded as non-budget and included as non-budget expenditure in an Estimate.

Re-recording budgets on the database – Once the year in which the PPA features has passed, departments should speak to PSD in order to restate budgets to reflect the corrected budgetary outturn (DEL or AME, resource or capital) in the years affected on the RBM database. Note that the database will only hold outturn for five previous years; any impact beyond that cannot be captured electronically but should be reported in the departmental accounts and noted in the Estimate.

The proposed treatment is summarised in the graphic below. In all cases, the most recent Consolidated Budgeting Guidance should be referred to, to ensure that the latest recording advice is followed.

NDPBs with a Different Year-End – normal recording processes should continue in this case. If subsequently the audit identifies a difference between the consolidated accounts and the accounts of an NDPB with a year-end that is not 31 March, depending on the materiality, they should apply either the non-material or material differences guidance above. If in any doubt departments should speak directly to CED contacts.

Final Outturn Timing – whilst it is expected that consolidated accounts will be audited in time for submission of Final Outturn to CED, where a department is at risk of missing this deadline they should speak directly to CED contacts.

## **Timing**

This change will come into effect in the 2022-23 estimates and accounts processes.

## **Additional Information**

NIAO have reviewed this guidance note prior to issue.

