



## Financial health checklist

### GP practices

## Our financial health checklist for GPs.

You will hopefully be able to provide a 'yes' response to all of the following questions. However, we would recommend that you discuss any 'no' responses with your existing adviser or one of our UHY medical sector specialists.

| Monthly matters  | Yes | No |
|--|-----|----|
| Do you maintain monthly management accounts with a clear summary of your financial performance (income and expenditure) and financial position (including cash) with a comparison to forecast?   |     |    |
| Is the financial information obtained within three weeks of the month end?   |     |    |
| Do you have formal meetings to discuss and review the financial performance of the practice?   |     |    |
| Does the profit in your year-end financial statements largely reflect the profits shown in your monthly management accounts?   |     |    |
| Do you consider that the underlying IT systems have integrity and do you consider the data to be stored securely?  |     |    |
| Does your senior management team comprise at least one individual considered to be financially literate?   |     |    |
| Do you manage your cash flows without regularly or unexpectedly reaching your overdraft facility limit?  |     |    |
| Annual financial matters   | Yes | No |
| Do you review your financial performance with your initial expectations set out in your business plan?   |     |    |
| Have you prepared an annual financial forecast (which for 2014/15 needed to take account of changes in the Quality Outcomes Framework (QOF) and the phasing out of minimum practice income guarantees (MPIG)?                              |     |    |
| Have you formally considered whether to bid for an Any Qualified Provider (AQP) tender?  |     |    |
| Do you benchmark your actual financial performance against similar practices?  |     |    |
| Do you review your overheads to ensure costs are being managed, periodically inviting quotes rather than undertaking one off exercises?  |     |    |
| Do you receive your year-end financial statements in sufficient time after the year end to use them to make meaningful decisions? Are superannuation certificates completed in a timely manner (and not just before the deadline)?         |     |    |
| Do you undertake a pre year-end tax planning exercise for the practice to ensure tax risks are mitigated and advantage is taken of any tax planning opportunities?   |     |    |
| Do you make an annual assessment of costings for each enhanced service (to include the basic incremental costs of providing the service such as nurses and support staff wages with national insurance and pension costs and consumables)? |     |    |



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| Periodic financial matters   | Yes | No |
|--|-----|----|
| Have you and your fellow business owners considered the business in terms of key man insurance, your wills and, in bringing together various matters, a partners or shareholders agreement?                                    |     |    |
| Have you sufficient and appropriate funding in place to manage working capital and to undertake planned investment?  |     |    |
| Do you have a formal business plan from which objectives and plans are in place for the short, medium and long term?   |     |    |
| Have you reconsidered if the vehicle for your business (sole trader, partnership, LLP, limited company) is appropriate?  |     |    |
| Remuneration   | Yes | No |
| Do you consider that your current remuneration (salary, benefits and pension payments) rewards you for your time and efforts in the practice?  |     |    |
| Have you planned for the gradual removal of seniority payments?  |     |    |
| Do you undertake a pre year-end tax planning exercise personally to ensure tax risks are mitigated and advantage is taken of any tax planning opportunities?   |     |    |
| Are there appropriate mechanisms in place to ensure that key employees are retained and remain motivated and that these mechanisms are tax efficient?  |     |    |
| Quality and outcomes framework (QCF)   | Yes | No |
| Do you have an established formal process of data capture and entry to ensure that claims are complete and accurate – and are 'right first time'?  |     |    |
| Do you have an established formal process to ensure you maintain a knowledge of the claiming process?  |     |    |
| Pension arrangements   | Yes | No |
| Are you aware of your staging date for auto enrolment? Have you planned your timetable accordingly?  |     |    |
| Have you considered whether your existing pension scheme is compliant with the requirements of auto enrolment and whether your existing payroll software can manage the record keeping, reporting and compliance requirements? |     |    |
| Have you considered the increase in employee costs arising from auto enrolment alongside your normal pattern of pay rises?   |     |    |
| Where relevant, have you considered the impact of the reduction in the lifetime allowance. Where protection has been sought, are you ensuring compliance?  |     |    |
| Do you ensure that you do not include salaried GP pension contributions in the monthly payment to the NHS pension scheme?  |     |    |
| Have you started planning for the new 2015 NHS Pension Scheme and, for those affected, considered Choices 2 for those currently under the 1995 scheme?   |     |    |
| Succession planning  | Yes | No |
| Is the intended date of retirement of the business owners in the practice known? Will you start planning for the retirement (including recruitment of a successor) in a timely manner?   |     |    |
| Is there an existing mechanism to deal with the retirement of the business owners in the practice? Is there funding available to deal with any payments to those leaving the business?   |     |    |
| Have the tax implications of a retirement been considered to ensure that any payments are structured in the most efficient manner?   |     |    |

If you would like to discuss your response or approach to any of the above issues with a member of our UHY medical sector group, please do not hesitate to get in touch by email or phone for a free, no obligation meeting or call.

This checklist has been designed as a guide for GP practices to aid discussions on the financial health of their business. It is not intended to be a substitute for a detailed review of all financial aspects of a practice. No responsibility is accepted for loss occasioned to any person acting or refraining from actions as a result of any material in this publication.