

## **FR6 – The service implements and monitors systems to manage its budget and service contracts.**

- a. Effective financial management is essential to support high-quality patient care. Clinical decisions should be based on evidence and current good practice but supported by sound financial management to achieve efficiency, cost-effectiveness and economy in the use of resources. Systems should support and ensure financial probity. Processes for budget management and control should be grounded in current best practice, reflect professional and national guidance as well as statutory requirements, and be consistent with the parent organisation's policies.
- b. Services should engage with the financial planning processes of the parent organisation to ensure wider understanding and appreciation of the resources needed to deliver a high-quality service effectively.
- c. Staff must be aware of the organisation's Standing Financial Instructions (SFI) which might affect them.
- d. Processes should be in place for negotiating and agreeing budgets. Mechanisms should be in place to monitor and control budgets and expenditure, with forecasts of performance and rapid investigation of unexpected deviations from budget. Clinical directors and imaging managers must understand the mechanisms of budgetary control and costing, and all staff should understand the costs of resources and the implications of sound financial management for their own areas of responsibility and activity.
- e. Robust systems should be in place for the management of contracted services, including regular and systematic reviews of performance against contract requirements and monitoring for cost-effectiveness. Contracts should specify clear performance targets, including quality appraisal, and the action to be taken if performance is not satisfactory. The contracts should identify clearly the roles and responsibilities associated with the management of the contracts both in the organisation placing the contract as well as the contracted service. Contracts for professional services such as remote image interpretation should specify requirements for competence checks and performance appraisal of individuals employed by the contractor (see also standard statements CL3 and FR4). Information should be made available to patients and users of the outsourced services about the use of such services.
- f. Robust systems should be in place to account for all additional income received, such as income generated by commercial or research activities and charitable donations.
- g. Robust systems must be in place to prevent and detect fraud and encourage exposure of malpractice.

## **References**

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