



# The Role of the NHS Chief Finance Officer

An HFMA policy statement

Shaping healthcare finance



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The NHS is always changing and developing – this statement reflects the structures and processes in place in July 2013. We are keen to obtain feedback on ways in which the content, style and layout can be improved to better meet the needs of its users. Please forward your comments to [info@hfma.org.uk](mailto:info@hfma.org.uk) or to the address above.

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# Directors' Report

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## **Foreword**

The chief finance officer in today's NHS is at the heart of an organisation's management structure and plays a key role in both corporate decision making and leadership. Chief finance officers also have particular responsibility for setting an organisation's overall 'financial tone' and for establishing a culture that encourages innovation and the achievement of best value while recognising the overriding requirement to use public money wisely, safely and well.

As the pressure on public finances increases over the coming years, the chief finance officer's role will continue to evolve, becoming ever more challenging and demanding. To be successful he or she must not only possess well developed technical skills and competencies, but also the strength of character to withstand heightened levels of media scrutiny and public interest and the ability to remain clear headed and objective when determining between competing demands for financial resources.

A good chief finance officer also needs a good understanding of clinical practice. They need to 'know the business' – my theme for my presidential year – and to encourage a similar understanding throughout their finance team. They then need to harness all these skills in the constant pursuit of higher quality patient services and enhanced value.

This statement is designed to help existing and aspiring chief finance officers as they strive to provide a world class finance service that is fit for the 21st century and that supports the overriding objective of the NHS to deliver high quality care for all. I trust that you will find it of real practical help as you carry out one of the most challenging and demanding, but ultimately rewarding, roles in the NHS.

**Tony Whitfield**  
*President, HFMA*

## About the HFMA

The Healthcare Financial Management Association (HFMA) is the representative body for finance staff in healthcare. For the past 60 years, it has provided independent and objective advice to its members and the wider healthcare community. We are a charitable organisation that promotes best practice and innovation in financial management and governance across the UK health economy through our local and national networks. We also analyse and respond to national policy and aim to exert influence in shaping the wider healthcare agenda. We have a particular interest in promoting the highest professional standards in financial management and governance which includes maintaining and updating our Statement on the role of the chief finance officer in the NHS.

*'CFOs play a key role in delivering safe, effective and economically sustainable services through corporate management, decision-making and leadership'*

*'existing and potential CFOs must know their businesses thoroughly and understand the wider environment within which they operate'*

## **Why we are issuing this Statement**

NHS chief finance officers (CFOs) – also called finance directors or directors of finance<sup>1</sup>, are at the heart of organisations' management structures. CFOs play a key role in delivering safe, effective and economically sustainable services through corporate management, decision-making and leadership. They also have responsibility for setting an organisation's overall 'financial tone' and for establishing a culture that encourages innovation, the achievement of quality and value for money while ensuring that public money is used wisely, safely and well. CFOs are able to have a real impact on patient care by ensuring that patients' interests are at the centre of decision taking and developing innovative financial arrangements to support healthcare improvements, enabling swift and appropriate treatments that are right first time round so that unnecessary admissions and re-admissions are avoided.

As well as being able to demonstrate strong leadership skills from a financial and corporate perspective, existing and potential CFOs must know their businesses thoroughly and understand the wider environment within which they operate. They must also be able to think strategically, communicate effectively and be prepared to work collaboratively across boundaries with a sound appreciation of the collective challenges and priorities that face them and their local health economy.

With huge pressure on public finances, the CFO's role is even more challenging and demanding. To be successful he or she must possess excellent technical skills, the strength of character to stand by decisions and cope with heightened levels of media scrutiny and public interest. This requires an ability to remain clear headed and objective when making decisions about competing demands for financial resources.

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<sup>1</sup> The term CFO is used throughout this Statement, in line with the terminology used in the *Health and Social Care Act 2012*.

## About this Statement

### Aims

This Statement focuses on the skills and values that all CFOs working in the NHS should possess and the core activities that they carry out. It deliberately identifies generic tasks without reference (as far as possible) to 'topical' policies and processes.

The Statement's primary aim is to provide existing and aspiring CFOs with an authoritative but concise analysis of what the role involves, the skills and values they need and the part they play in ensuring the success of an NHS organisation while providing a world class finance service in a period of unprecedented challenge and change. Individuals can also use it to assess their personal development needs and influence the way in which their role evolves.

The Statement will also be helpful in informing others about the role – for example, it will help chairs, governing body members and other stakeholders to better understand what the CFO does and why he or she is critical to the success of an NHS organisation. Although it is written from the perspective of the NHS in England the principles set out apply equally to CFOs working in Northern Ireland, Scotland and Wales.

### Status

This Statement supersedes the one that the HFMA issued in 2009 and takes account of other relevant guidance issued since then. We hope that the Statement will remain relevant and helpful for some time to come but will keep it under review and update it as and when necessary.

## Introduction – what being a Chief Finance Officer involves

The role of the CFO is one of the most challenging in the NHS. Responsibilities are complex and varied, ranging from statutory duties relating to accountability, governance and probity; 'traditional' treasurer activities; corporate strategic management and day-to-day operational management.

In many ways, the role of the NHS CFO mirrors that of CFOs in large commercial organisations – as well as fulfilling their traditional financial accounting and control role, they are expected to be effective governing body (or Board) members. CFOs must ensure that finances are used well and focused on delivering objectives; that investment plans are analysed thoroughly and properly and that the finance function adds value to the organisation. Of particular importance is the need to maintain financial viability and focus on delivering ever increasing value for patients via a financially sustainable local health economy. In addition, best value for taxpayers must be delivered while meeting the overall objective of the NHS to deliver safe high quality healthcare. As all members of the governing body are equally responsible for all aspects of performance, CFOs are also responsible for the quality of care provided.

Of course, the relative balance of activities within a particular CFO's role will vary according to the size, type and structure of the organisation and the skills and experiences of other members of the governing body and management team. The CFO often has a wide portfolio taking in areas outside their immediate technical expertise. Therefore, the range and depth of competencies required will depend on the specific circumstances and job content.

As well as local considerations, the role's requirements change continually as new policies, services, organisational structures and processes are introduced. Change goes with the territory and inevitably affects the day-to-day activities of an NHS CFO. As a result, they must be:

*'playing a full, active and constructive part as a member of the governing body and executive/management team'*

- Effective leaders – playing a full, active and constructive part as a member of the governing body and executive/management team and commanding respect across the organisation
- Resilient and clear headed – focusing on the statutory responsibility to safeguard public money while able to handle being in the spotlight. These qualities are particularly important given the ever increasing politicisation of the service; the relentless attention of the media and heightened public and patient expectations
- Adaptable – able to anticipate and handle changes in circumstances and in the demands placed on them and assume other responsibilities as needed (for example, some CFOs may be leading service transformation programmes)
- Far sighted – able to think long term and plan within and across organisational boundaries



- Innovative – able to identify new and better ways of doing things and being willing to take controlled and quantifiable risks without compromising quality
- Outward looking – receptive to new ways of working and able to develop good relationships with new and existing organisations
- Team players – able to see others’ perspectives and work with them for the good of the organisation while ensuring that colleagues understand the full financial implications of their plans and decisions
- Good role models – able to inspire loyalty and commitment amongst finance staff and others and establishing an environment in which staff can develop and achieve their full potential
- Highly motivated and passionate – even when delivering consistently difficult messages
- Technically competent – recognising the importance of maintaining and developing financial skills and competencies. In particular, being willing to acquire new skills and learn from others so that the finance function can meet challenges as they arise.

*‘able to inspire loyalty and commitment’*

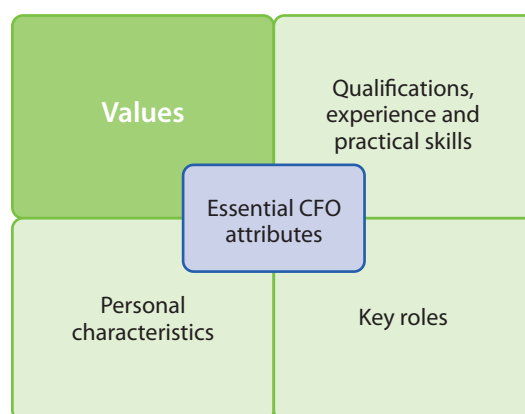
Dealing with constant change while fulfilling a demanding role is challenging for anyone – however, the skills and experience of a typical CFO along with their values and personal attributes mean that he or she is well equipped to take things in their stride.

Possessing the ‘right’ values, skills and personal characteristics and being able to carry out the wide range of roles attached to the post are essential attributes for a good CFO. This Statement therefore focuses on these four core areas:

- Values
- Qualifications, experience and practical skills
- Personal characteristics
- Key roles.

There is also an appendix that gives examples of activities for each key role.

## 1. Essential CFO attributes – values



The HFMA believes strongly that the six core values first identified in 1992 in 'Framework for the Future' and re-iterated in the NHS Finance Staff Development Board's 2003 document 'Shaping the Future ...' have stood the test of time and remain as valid as ever. These values should be embedded within an organisation's overall culture and tone and CFOs should uphold them in all that they do. The values are:

- **Professionalism – meeting the standard**  
Acquire and apply the knowledge, skills and best practice that enable finance staff to meet customers' needs to consistently high standards
- **Integrity – doing the right things**  
Act in a manner that is honest, open, impartial, objective and fair
- **Partnership – working together**  
Work with others to develop mutual respect, understanding and trust to enable the organisation to achieve its corporate objectives
- **Innovation – changing for the better**  
Develop an environment that encourages enterprise, challenge and creativity. Use different perspectives to challenge and improve the way things are done
- **Commitment – seeing things through**  
See things through to the end, putting the task and needs of others first. This requires loyalty, the willingness to take responsibility and the energy and determination to succeed
- **Excellence – giving of one's best**  
Demonstrate quality in the work carried out and constantly improve performance, always giving one's best
- **Flexibility – willing to try new approaches**  
Find better ways to deliver results through research, experimentation, new ways of working and accepting the challenge and benefits of change.

These values are reinforced by one of the recommendations contained in Robert Francis QC's report on Mid Staffordshire NHS Foundation Trust (February 2013). The proposed 'duty of candour' would require all NHS staff and organisations to be honest, open and truthful in all their dealings with patients and the public. In its response to the report, the government outlined that it is also the responsibility of governing bodies and leaders in provider organisations to support openness and deliver high quality care<sup>2</sup>.

Above all, finance staff, led by the CFO, should have a fierce pride in working to the highest possible standards. As the CFO depends on his or her team to deliver a professional service, it is also essential that there is sufficient finance staff with the necessary qualifications and experience.

*'finance staff, led by the CFO, should have a fierce pride in working to the highest possible standards'*

CFOs must also be aware of (and adhere to) a number of other Codes and standards including those relating to disciplinary procedures set by their own professional accountancy bodies and the International Federation of Accountants' (IFAC) Code of Ethics for Professional Accountants. Also of importance are Nolan's seven principles of public life – selflessness; integrity; objectivity; accountability; openness; honesty; leadership and the NHS Constitution that sets out the principles and values that everyone in the NHS must adhere to:

### Principles

- The NHS provides a comprehensive service, available to all
- Access to NHS services is based on clinical need, not an individual's ability to pay
- The NHS aspires to the highest standards of excellence and professionalism
- NHS services must reflect the needs and preferences of patients, their families and carers
- The NHS works across organisational boundaries and in partnership with other organisations in the interests of patients, local communities and the wider population
- The NHS is committed to providing best value for taxpayers' money and the most effective, fair and sustainable use of finite resources
- The NHS is accountable to the public, communities and patients that it serves.

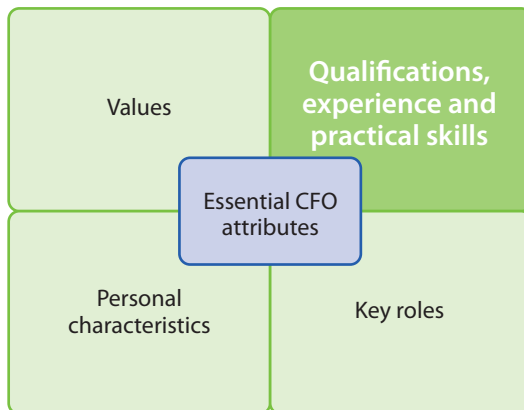
### Values

- Respect and dignity – respecting each person as an individual and seeking to understand their priorities, needs, abilities and limits
- Commitment to quality of care – striving to get the basics right every time: safety, confidentiality, professional and managerial integrity, accountability, dependable service and good communication

<sup>2</sup> P45, *Patients First and Foremost: the Initial Government Response to the Report of the Mid Staffordshire NHS Foundation Trust Inquiry*, Department of Health, 2013.

- Compassion – responding with humanity to each person’s pain, distress, anxiety or need
- Improving lives – striving to improve health and well-being and people’s experiences of the NHS
- Working together for patients – putting the needs of patients, carers, families and communities before organisational boundaries
- Everyone counts – using resources for the benefit of the whole community, ensuring nobody is excluded or left behind and accepting that some people need more help.

## 2. Essential CFO attributes – qualifications, experience and practical skills



CFOs in the NHS must be qualified accountants who are members of either the Chartered Institute of Management Accountants (CIMA) or a member of one of the five accountancy institute members of the Consultative Committee of Accountancy Bodies:

- Chartered Institute of Public Finance and Accountancy (CIPFA)
- Institute of Chartered Accountants in England and Wales (ICAEW)
- Institute of Chartered Accountants of Scotland (ICAS)
- Institute of Chartered Accountants of Ireland (ICAI)
- Association of Chartered Certified Accountants (ACCA).

CFOs should also have experience across a wide range of the finance function's responsibilities (for example, financial and management accounting; capital and investment appraisal; commissioning; financial performance management; budgeting/budgetary control; financial planning; costing/financial analysis; financial systems; audit; payroll) and at least five years' post-qualification experience holding senior positions in the public and/or private sector.

As well as being suitably qualified and having relevant experience, CFOs need practical capabilities and technical knowledge. For example, the Finance Staff Development (FSD) network identified the following practical skills and competencies as being particularly important:

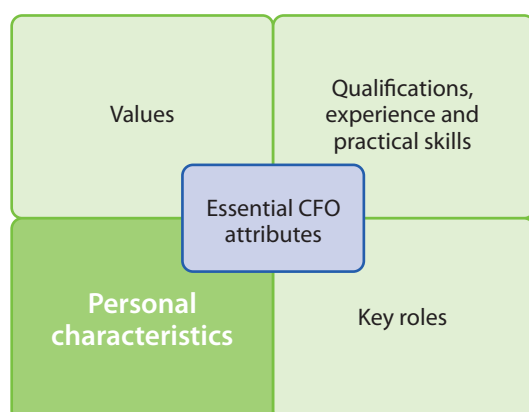
- Communicating
- Influencing and negotiating
- Planning, monitoring and controlling
- Analysing information and solving problems
- Making decisions
- Thinking strategically
- Focusing on business and service users
- Working in and leading teams
- Focusing on development.

*'CFOs should also have experience across a wide range of the finance function's responsibilities'*

*'As well as being suitably qualified and having relevant experience, CFOs need practical capabilities and technical knowledge'*

CFOs must also maintain and develop their knowledge and skills and stay abreast of emerging technologies and techniques. This is achieved both through participation in continuing professional development (CPD) and by other means (for example, by being an active member of the HFMA). The precise requirements for CPD vary between accountancy bodies but all CFOs must participate in the relevant scheme and ensure that all their qualified staff and accounting technicians do the same.

### 3. Essential CFO attributes – personal characteristics



In the introduction to this Statement, we highlighted a number of character traits that today's CFO needs to possess – resilience, adaptability and far sightedness. We also pointed out that he or she must be innovative, outward looking, an effective leader, team player and role model.

*'he or she must be innovative, outward looking, an effective leader, team player and role model'*

Of particular relevance to the NHS is the NHS Leadership Academy's Leadership Framework developed in 2011. This framework sets out the expectations for leadership at every level of the system with four elements of leadership in each of seven domains:

- **Demonstrating personal qualities** – developing self-awareness; managing yourself; continuing personal development; acting with integrity
- **Working with others** – developing networks; building and maintaining relationships; encouraging contribution; working within teams
- **Managing services** – planning; managing resources; managing people; managing performance
- **Improving services** – ensuring patient safety; critically evaluating; encouraging improvement and innovation; facilitating transformation
- **Setting direction** – identifying the contexts for change; applying knowledge and evidence; making decisions; evaluating impact
- **Creating the vision** – developing the vision of the organisation; influencing the vision of the wider healthcare system; communicating the vision; embodying the vision
- **Delivering the strategy** – framing the strategy; developing the strategy; implementing the strategy; embedding the strategy.

The 'Senior Financial Leadership Role Competency Framework' is also helpful. This was developed specifically for the accreditation process for CFOs of commissioning organisations in 2012 and sought to identify potential CFOs who are technically competent and with the relevant experience, leadership skills and values. The assessment focussed on eight competencies that an individual needs to be able to lead in the 'newly restructured commissioning environment':

- **Leading change** – plans and manages change effectively, engaging others to ensure a smooth transition process
- **Strategic thinking and decision making** – thinks strategically, taking account of wider issues when reaching decisions
- **Innovation** – thinks creatively when generating solutions, and encourages this in others, albeit within the appropriate framework
- **Communicating and influencing** – communicates professionally and confidently, influencing appropriately where necessary
- **Collaborative working** – works effectively with others both internally and externally, both as a team member and team leader; networks and builds partnerships with key stakeholders
- **Self-awareness and development** – demonstrates self-awareness and has a positive approach to self-development
- **Resilience** – deals positively with setbacks and pressurised, challenging situations
- **Planning and organising** – plans effectively, delegating to others where appropriate, to ensure that projects are delivered on time.

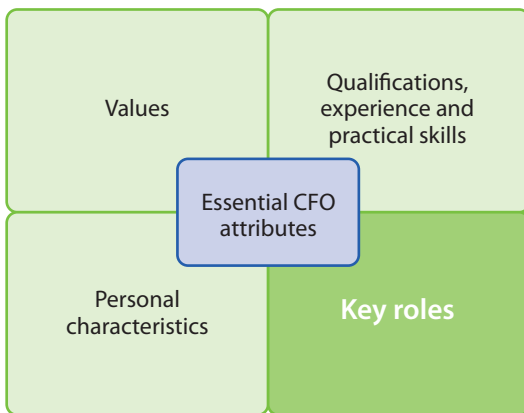
The specific nature of a particular CFO's role and the organisation's style and approach will determine the relative importance of these qualities but all are needed to one degree or other.

In practice, CFOs need to be able to respond to different situations using a variety of skills, behaviours and knowledge from across their competency 'toolkit'. They also need to modify their behaviour and approach to suit new ways of working and to ensure continuing delivery of financial duties and other targets.

*"In practice, CFOs need to be able to respond to different situations using a variety of skills, behaviours and knowledge from across their competency 'toolkit'"*



#### 4. Essential CFO attributes – key roles



In the HFMA's view, a CFO's core activities can be grouped under five broad headings:

- Corporate leadership, management and decision-making
- Stewardship and accountability
- Financial management
- Commercial acumen
- Professional leadership and management.

These headings are broadly consistent with the 'core CFO responsibilities' set out in CIPFA's 2009 pan public sector statement – The Role of the Chief Financial Officer in Public Service Organisations.

In this section we will look at each core role and explain:

- Why it is important
- Identify in broad terms what it involves.

Examples of key activities for each role are shown in Appendix 2.

#### Role 1: corporate leadership, management and decision-making

##### *Why this role is important*

In all NHS organisations, the CFO must be a member of the governing body. The Treasury's guide, *Managing Public Money* (which is good practice for all public services) explicitly states that the CFO should 'have board status equivalent to other board members' and that he/she should be 'a member of the senior leadership team...'.

Although, in the NHS, ultimate statutory responsibility and accountability for financial duties rests with the 'accountable'/'accounting' officer (a formal role conferred upon the organisation's 'chief officer' i.e. the chief executive or in a CCG, the 'lead manager' or 'lead clinician'), the CFO is integral to discharging those responsibilities and is often the next most senior manager on the governing body.

*'CFOs must earn the respect of their colleagues on the governing body/management team by playing a full and constructive part in proceedings'*

*'Ensuring that the impact on the quality of healthcare services and patient safety is understood when reaching decisions in general and considering the associated financial implications in particular'*

The governing body, management team, clinicians and others need to understand the financial implications of their strategic and service delivery plans and be aware of financial performance. It is the CFO who is responsible for meeting these needs and for providing support for strategic decision-making, financial leadership and guidance.

### **What this role involves**

To be effective in this role, CFOs must earn the respect of their colleagues on the governing body/management team by playing a full and constructive part in proceedings; balancing corporate and more 'traditional' finance responsibilities and ensuring that decisions are taken based on sound and thorough analyses. It is therefore important for the CFO to form a view and do their own thinking on all manner of issues in order to share their ideas, knowledge and opinion as needed.

Typically, this role involves:

- Contributing to the organisation's overall management and leadership by playing a full, active and constructive part on the governing body and the executive/management team and being a valued and well respected member of each
- Playing a leading role in devising and implementing the organisation's operational planning processes to ensure that strategic objectives are cascaded down to all levels and that plans are realistic and achievable
- Contributing to the development and maintenance of the organisation's overall governance framework (including the development of effective controls, a robust approach to risk management and a meaningful assurance framework)
- Ensuring that the impact on the quality of healthcare services and patient safety is understood when reaching decisions in general and considering the associated financial implications in particular
- Contributing to the development and maintenance of good relationships with partners, internal and external stakeholders
- Providing expertise and advice to the governing body and executive/management team on finance related issues to support and facilitate effective strategic thinking and decision-making. This will include getting to the root cause of performance issues; providing advice relating to change management; business and commercial activities; financial strategy, planning and performance and investment appraisal
- Ensuring that the organisation's finances are managed wisely and well and effectively deployed.

## Role 2: stewardship and accountability

### Why this role is important

With regular change the norm in the NHS, there can be a tendency to focus on the demands of the latest policy announcement and lose sight of the need to safeguard resources and demonstrate probity. CFOs play a key role in ensuring that this does not happen. In particular, although it is the accountable/accounting officer who is formally responsible for the 'proper stewardship of public money and assets' it is the CFO who has day-to-day responsibility in this area and who has a key role to play in demonstrating accountability to patients, the local public, the Public Accounts Committee and other stakeholders. Similarly, although statutory responsibility for internal control rests with the governing body and accountable/accounting officer, the CFO is closely involved in providing assurance to stakeholders that effective controls are in place and working as they should.

In short, CFOs must not lose sight of the fact that stewardship and accountability is a fundamental part of their role.

### What this role involves

Typically, this role involves:

- Stewardship of public money – knowing the business thoroughly and demonstrating probity in the use of resources; ensuring that they are safeguarded at all times (through effective systems of control), that they are used wisely and well and in line with prevailing legislation, rules and regulations; ensuring that there is an effective approach to financial risk assessment and mitigation
- Being prepared to raise concerns/report suspected fraudulent behaviour/disclose irregularities in accordance with the *Public Interest Disclosure Act 1998* and other relevant guidance
- Demonstrating accountability for the use of resources/public money through meaningful financial reports that are fit for audience and purpose; an effective internal audit service that is valued and resourced properly; financial accounting that is rigorous and carried out in line with statutory and regulatory requirements; constructive working relationships with external auditors, regulators, inspection agencies and other stakeholders.

*'knowing the business thoroughly and demonstrating probity in the use of resources'*

It is important to note that CFOs are responsible for the adequacy of the control environment irrespective of how financial services are provided. For example, CFOs in organisations where commissioning support units or shared services are used need to ensure that adequate safeguards exist in contracts to ensure that public funds are being used effectively and appropriately. Similarly, CFOs must ensure that sound financial systems and controls are in place to monitor 'non direct' spending (for example, through contracts and programmes of care) and ensure that resources are accounted for and spent properly.

### Role 3: financial management

#### Why this role is important

CIPFA has defined financial management as ‘the system by which the financial aspects of a public body’s business are directed and controlled to support the delivery of the organisation’s objectives’<sup>3</sup>. It has also been described as the ‘engine room’ of the finance function and the area that has the greatest potential for ‘adding value’ to the performance of NHS bodies. Effective financial management is therefore of critical importance and, although everyone in an organisation has a role to play in this area, it is the CFO who takes the lead – he/she must ensure that the organisation’s approach suits its circumstances/environment and is capable of supporting (and furthering) its strategic aims. A sound, consistent and transparent approach to financial management inspires confidence amongst staff and stakeholders and its relevance and importance should therefore be emphasised and championed by the CFO.

*‘A sound, consistent and transparent approach to financial management inspires confidence amongst staff and stakeholders’*

#### What this role involves

Typically, this role involves:

- Championing financial management – ensuring that the importance of good financial management and what it means in practice is recognised and understood throughout the organisation
- Using financial management skills to deliver financial insight to partners, service users and colleagues
- Ensuring that an organisation’s approach to financial management suits its circumstances, structures and aims
- Ensuring that the financial management regime is comprehensive and supports innovation, improvement and delivery of high quality healthcare
- Ensuring that budget holders have the skills and information they need to carry out their roles
- Formulating, implementing and monitoring the organisation’s financial strategies/plans
- Ensuring compliance with national and local guidelines, duties and targets.

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<sup>3</sup> CIPFA’s FM model: Improving Financial Management and Effectiveness in the Public Service Introducing the Model, introduction, 2004.

## Role 4: commercial acumen

### Why this role is important

Given the environment within which CFOs are now working – with the need to ensure patient choice and deliver value for money while avoiding anti-competitive actions and facilitating the integration of services – commercial awareness and business acumen are key attributes. The need to be astute commercially is particularly marked for commissioning organisations as they look to secure high quality, cost effective services (both healthcare and business-related) in innovative ways, often working with a range of partners. These skills are also of critical importance to provider organisations as they seek to diversify their interests, particularly through commercial partnerships both national and international.

*'Given the environment within which CFOs are now working – with the need to ensure patient choice and deliver value for money while avoiding anti-competitive actions and facilitating the integration of services – commercial awareness and business acumen are key attributes'*

### What this role involves

Typically this role involves:

- Making the case for change – understanding current priorities and drivers for economic and service transformation including the creation of best value by segmenting and differentiating services to ensure delivery of the desired outcomes
- Maximising funding sources
- Business-like thinking
- Developing partnerships with other organisations including negotiating contracts
- Responding to tenders and developing proposals for new business
- Implementing sustainable techniques for improving efficiency, effectiveness and the utilisation of resources
- Demonstrating the value of policy and operational changes, focusing on outcomes
- Ensuring that money spent through contracts is managed to the standards expected for public funds.

## **Role 5: professional leadership and management**

### **Why this role is important**

*'the CFO plays a key role in establishing the overall financial tone and culture'*

Although it is important that all top managers (executive and non-executive) are financially literate, the CFO plays a key role in establishing the overall financial tone and culture. It is therefore important that the CFO has the right qualifications, experience and skills; that he/she commands respect across the organisation and is a role model for finance staff, inspiring their loyalty and commitment.

*'it is also important to create an atmosphere in which staff can thrive and professional values can prosper'*

Professional personal conduct and setting, achieving and expecting the highest possible professional standards is also essential – both within the organisation and across organisational boundaries (for example, where there are shared financial services or collaborative working). As CFOs depend on others to deliver a professional service, it is also important to create an atmosphere in which staff can thrive and professional values can prosper – individual members of staff need to feel valued and be given the opportunity to develop. They also need to feel able to raise any issues or concerns without fear of criticism or reprisal.

### **What this role involves**

Typically, this role involves:

- Ensuring that there are high professional standards throughout the finance function and that it operates effectively
- Leading and managing the finance function well
- Ensuring that finance staff are well trained and have opportunities to develop and grow and that the organisation has sufficient, appropriately skilled staff who are committed and enthusiastic
- Ensuring that the functioning of the finance department is reviewed regularly with a view to maintaining high standards and looking for opportunities to improve and 'connect' with other disciplines and professionals.

## Appendix 1. Summary diagram of the key roles and example activities of the CFO

### Role of the CFO

<p>Corporate leadership and management</p>	<ul style="list-style-type: none"> <li>– Contributing to the organisation's overall management and leadership</li> <li>– Playing a leading role in operational planning</li> <li>– Contributing to the development and maintenance of the organisation's governance framework</li> <li>– Ensuring the impact on quality and safety is understood when making financial decisions</li> <li>– Developing good relationships with partners, internal and external stakeholders</li> <li>– Providing financial expertise and advice</li> <li>– Ensuring that the organisation's finances are managed wisely and well</li> </ul>
<p>Stewardship and accountability</p>	<ul style="list-style-type: none"> <li>– Stewardship of public money</li> <li>– Disclosing irregularities/fraud</li> <li>– Demonstrating accountability for the use of resources</li> </ul>
<p>Financial management</p>	<ul style="list-style-type: none"> <li>– Championing financial management</li> <li>– Using professional skills to deliver financial insights to partners, service users and colleagues</li> <li>– Having in place a financial management regime that suits the organisation's circumstances, structures and aims</li> <li>– Ensuring that the financial management regime is comprehensive and supports innovation, improvement and quality</li> <li>– Ensuring that budget holders have the skills and information they need to carry out their roles</li> <li>– Formulating, implementing and monitoring financial strategies/plans</li> <li>– Ensuring compliance with financial guidelines, duties and targets</li> </ul>
<p>Commercial acumen</p>	<ul style="list-style-type: none"> <li>– Making the case for change</li> <li>– Maximising funding sources</li> <li>– Business-like thinking</li> <li>– Developing partnerships with other organisations</li> <li>– Responding to tenders and developing proposals for new business</li> <li>– Implementing sustainable techniques for improving efficiency, effectiveness and the utilisation of resources</li> <li>– Demonstrating that the value of policy and operational changes, focusing on outputs and outcomes</li> <li>– Ensuring that money spent through contracts meets the standards expected of public funds</li> </ul>
<p>Professional leadership and management</p>	<ul style="list-style-type: none"> <li>– Contributing to the organisation's overall management and leadership</li> <li>– Playing a leading role in operational planning</li> <li>– Contributing to the development and maintenance of the organisation's governance framework</li> <li>– Ensuring the impact on quality and safety is understood when making financial decisions</li> <li>– Developing good relationships with partners, internal and external stakeholders</li> <li>– Providing financial expertise and advice</li> <li>– Ensuring that the organisation's finances are managed wisely and well</li> </ul>

## Appendix 2. Key CFO roles: example activities

This appendix gives examples of activities that fall under each of the CFO’s five key roles – it is **not** intended to be an exhaustive listing. Please note that activities are identified under what we consider to be the ‘dominant’ role, however, in some instances there is a degree of overlap and duplication. It is also important to bear in mind that although in practice many day-to-day tasks and activities will be delegated to other members of the finance team, the CFO remains ultimately responsible.

### Role 1: corporate leadership and management

Corporate leadership and management	Example activities
<p><b>Contributing to the organisation’s overall management and leadership</b></p>	<p>Playing a key role in developing the organisation’s constitution, vision, objectives and strategic direction while keeping in mind the overriding objective to provide high quality healthcare.</p> <p>Helping to translate the constitution, vision, objectives and strategic direction into a meaningful and workable strategy/corporate plan.</p> <p>Ensuring that financial implications (short, medium and long term) are taken into account as the organisation’s strategy/corporate plan is developed.</p> <p>Playing a key role in ensuring that the organisation’s constitution, vision, objectives and strategy are communicated effectively throughout the organisation.</p> <p>Helping to ensure that statutory requirements (financial and non-financial) are met.</p> <p>Helping to ensure that the governing body acts lawfully and that its decisions are impartial and fair.</p> <p>Helping to ensure that all governing body and executive/management team members are clear about their respective roles and responsibilities.</p> <p>Helping to manage the organisation’s performance – as a governing body member, the CFO shares corporate responsibility for managing the performance of the organisation and has lead responsibility in relation to financial performance. The CFO should therefore play a key role in developing the organisation’s overall performance management framework and ensure that it covers both financial and non-financial information and meets with external requirements.</p> <p>Helping the governing body to develop and work effectively – a CFO should use his/her management skills to contribute to the development of the governing body and executive/management team by advising in an impartial manner, ensuring that alternatives are considered and that adequate but not excessive evidence is collated to support decisions.</p> <p>Challenging (when necessary) the governing body’s direction and/or decisions and providing impartial advice even when it is not well received. Circumstances may arise where the CFO must take issue with governing body colleagues. Where the issue is significant and material the CFO should ensure that his/her objection and the reasons behind the objection are noted. In these circumstances, the CFO should consider whether it is appropriate to disclose issues to a ‘higher authority’ (for example, to NHS England/Monitor/NHS Trust Development Authority). Such a situation is likely to be the result of (or result in) a significant break down in the relationship between the CFO and the governing body, and should be seen as a last resort.</p> <p>Anticipating legislative, political and economic changes and contributing to assessments of their implications (both financial and non-financial) for the organisation.</p>



	<p>Helping to lead, develop and implement change programmes.</p> <p>Identifying new/innovative ways of working/delivering services.</p> <p>Leading other functions (as required) that are outside their immediate expertise and experience for example, IT; estates and facilities; performance; strategy and business development.</p> <p>Acting professionally and ethically at all times and adhering to relevant codes of conduct (for example, the Nolan principles and the NHS Constitution).</p>
<p><b>Playing a leading role in operational planning</b></p>	<p>Ensuring that the organisation's strategy is translated into workable, realistic and achievable operational plans. This will involve working with clinical, service and other managers to develop efficient, effective and innovative ways of delivering healthcare and advising them impartially on the financial impact of their plans and proposals (see role 3).</p> <p>Helping to ensure that operational plans are delivered – this involves having in place effective monitoring procedures that are understood and followed.</p> <p>Ensuring that operational managers report regularly on progress during the year and that variances from budget are identified and action taken (see role 3).</p> <p>Working with operational managers to deliver value for money/cost improvement plans and identify opportunities for efficiency/productivity savings.</p> <p>Ensuring that operational managers take into account the financial implications (short, medium, long term) of all major business decisions/investments in a methodical manner so that decisions are supported by sound analysis and follow agreed processes and procedures.</p> <p>Ensuring that there is a balance between the many competing demands for available resources while bearing in mind statutory financial duties.</p>
<p><b>Contributing to the development and maintenance of the organisation's governance framework</b></p>	<p>Contributing to the organisation's overall governance framework and ensuring that it underpins all that it does.</p> <p>Developing and maintaining effective financial governance arrangements.</p> <p>Taking a lead role in ensuring that an effective assurance framework is in place based on a sound understanding of the principal risks faced by the organisation and the potential impact they could have.</p> <p>Ensuring that the organisation has in place an effective control environment and systems of internal control (for example, clear reporting lines; standing orders; standing financial instructions/prime financial policies; a scheme of delegation) and that these are communicated widely, understood and adhered to.</p> <p>Ensuring that there are clear guidelines relating to declarations of interest/potential conflicts of interest and that these are understood and adhered to.</p> <p>Ensuring that the Audit Committee is operating as it should and that it is independent and effective.</p> <p>Working with the Audit Committee to maintain an internal audit service that is resourced properly and performs well.</p> <p>Ensuring compliance with national counter fraud requirements.</p> <p>Developing and maintaining a process for the assessment, tracking and management of business risks – the CFO will normally lead on risk management including specifying the measures taken to counter risk, and monitoring the outcomes.</p> <p>Ensuring that there is in place a robust, organisation-wide information strategy and (where it is part of the CFO's role) developing and maintaining it.</p> <p>Ensuring that there is in place a sound asset management strategy and (where it is part of the CFO's role) developing and maintaining it.</p>

	<p>Ensuring that there is in place a robust procurement strategy and (where it is part of the CFO's role) developing and maintaining it.</p> <p>Ensuring that there is in place a sound commissioning strategy and influencing, developing and maintaining it as appropriate.</p> <p>Intervening if the organisation looks like it's heading for financial failure/difficulty.</p>
<p><b>Ensuring that the impact on quality and safety is understood when reaching decisions</b></p>	<p>Ensuring that the governing body's financial decision making includes a close consideration of the impact on patient outcomes, healthcare quality and patient safety.</p> <p>Ensuring that the reasons for the decisions taken are explicit, that supporting information is recorded and the expected impact on patient outcomes, healthcare quality and patient safety is clearly documented.</p> <p>Ensuring that when financial decisions are being made all available information relating to activity levels, quality and cost is considered thoroughly so that the governing body has an assurance that all angles have been covered.</p> <p>Ensuring that a thorough quality impact assessment is carried out for all significant proposed cost improvements to ensure that patient outcomes, healthcare quality and patient safety are not compromised.</p> <p>Ensuring that the governing body's approach to reviewing the impact of its financial decisions looks at patient outcomes, healthcare quality, patient safety and finance (this can be achieved by using an 'integrated performance dashboard').</p>
<p><b>Developing good relationships with partners, internal and external stakeholders</b></p>	<p>Helping ensure that all stakeholders are aware of the organisation's overall vision, objectives and strategy.</p> <p>Representing the organisation in a professional manner in dealings with stakeholders including the public and partner organisations. CFOs must be able to represent the organisation on both financial and other issues (for example, at health and wellbeing boards or local authority overview and scrutiny committees).</p> <p>Working collaboratively with other organisations in the local health economy to ensure that the best possible use is made of public money.</p> <p>Ensuring that any plans agreed with partner organisations are reflected in the organisation's overall strategy and budget.</p> <p>Balancing the competing demands of internal and external stakeholders.</p> <p>Identifying and addressing the risks and opportunities associated with partnership working.</p> <p>Helping to develop and disseminate the organisation's corporate communication strategy – the CFO has a particular responsibility to ensure that staff and stakeholders are fully informed in relation to financial strategies and plans as well as sharing corporate responsibility for communicating wider organisational issues.</p> <p>Establishing good professional working relationships with external auditors, regulators and inspectors.</p>
<p><b>Providing financial expertise and advice</b></p>	<p>Providing financial leadership at both strategic and operational levels.</p> <p>Ensuring that the governing body and executive/management team understand the financial environment within which they operate.</p> <p>Ensuring that the organisation has a sound and comprehensive financial framework that will deliver its strategic objectives.</p> <p>Ensuring statutory financial requirements are met.</p> <p>Ensuring appropriate systems and processes are in place to identify the root cause of financial performance issues.</p>

	<p>Ensuring that there is appropriate evidence to support requests for additional funding and that all other avenues have been explored to address the issues concerned.</p> <p>Providing expertise and direction on financial strategy, planning, budgeting and performance. In particular, the CFO must ensure that the governing body sets realistic plans (for example, financial and commissioning plans), policies and procedures that will not compromise the achievement of the organisation's financial duties.</p> <p>Providing sound and comprehensive information to support strategic decision-making – for example, by linking clinical outcomes to return on investment.</p> <p>Developing the long/medium term financial strategy in line with the organisation's overall strategy/corporate plan.</p> <p>Developing the organisation's annual financial plan/budget, making sure it is in line with the long/medium term financial strategy and corporate plan. Making sure that the process for its development is understood.</p> <p>Ensuring that effective budget monitoring procedures are in place across the organisation and that progress during the year is reported regularly and clearly to the governing body and executive/management team (see role 3).</p> <p>Providing advice and support in relation to contracting and procurement – particularly where external organisations such as commissioning support units or shared service centres are involved and when bidding for a new contract.</p>
<p><b>Ensuring that the organisation's finances are managed wisely and well</b></p>	<p>Ensuring that the governing body and executive/management team receive accurate and timely financial information each month (see role 3).</p> <p>Ensuring that resources are used efficiently and effectively within a framework of sound financial governance.</p> <p>Ensuring that public money is used well; that systems are established to ensure that cost improvement and efficiency targets are achieved and 'best value' delivered across the organisation and partners without compromising service quality.</p> <p>Ensuring that any financial agreements with stakeholders are managed effectively.</p> <p>Maintaining financial stability/viability while identifying opportunities for controlled change – as part of the planning process, CFOs should present realistic options for organisational/service improvement and encourage the organisation to seize opportunities provided risks are managed and the achievement of financial duties is not compromised.</p> <p>Taking the lead in making decisions about relative priorities and advising/informing the governing body and executive/management team accordingly. This involves reviewing the financial implications of different options/approaches in a systematic way; identifying the resources needed and seeking out innovative ways of working to meet objectives/targets while achieving best value.</p> <p>Ensuring that finance responsibilities are not compromised by other roles/areas of responsibility.</p>

**Role 2: stewardship and accountability**

Stewardship and accountability	Example activities
<b>Stewardship of public money</b>	<p>Ensuring that the organisation as a whole understands the importance of probity, regularity and value for money and that accountability for the use of public money is demonstrated at all times.</p> <p>Ensuring that there is in place an effective system of internal control covering all that the organisation does (in conjunction with the governing body and executive directors – see role 1).</p> <p>Developing and maintaining an effective and comprehensive system of internal financial control (including physical safeguards for assets; standing orders; standing financial instructions/prime financial policies; operational and data security; authorisation and approval processes and segregation of duties).</p> <p>Ensuring that internal audit is resourced properly and working effectively (in conjunction with the Audit Committee – see role 1).</p> <p>Ensuring that arrangements are in place to monitor compliance with controls and that action is taken when they are breached.</p> <p>Ensuring that any income generating activities do not run at a loss and are not subsidised by NHS activities.</p> <p>Ensuring that procurement takes place in line with best practice guidance and that payments to suppliers are accurate and timely and in line with administrative requirements.</p> <p>Ensuring that the organisation’s asset register is up to date and comprehensive.</p> <p>Ensuring that adequate systems exist to monitor, control and forecast cash flow.</p> <p>Ensuring that the organisation’s arrangements in relation to borrowing, investment and treasury management are sound.</p> <p>Ensuring that all financial plans, budgets and systems are subject to rigorous risk assessment procedures with risks formally recorded, quantified and graded along with details of actions taken to minimise their probability and impact.</p> <p>Ensuring that provision has been made for the failure of systems (for example, to pay staff if the payroll service fails) and business interruptions.</p> <p>Ensuring that any charitable funds are managed and administered in line with the fund’s (or funds’) objectives and Charity Commission requirements.</p>
<b>Disclosing irregularities/ fraud</b>	<p>Reporting to a ‘higher authority’ any significant concerns (see role 1).</p> <p>Disclosing any irregularities in accordance with the <i>Public Interest Disclosure Act 1998</i> and related guidance.</p> <p>Ensuring that the organisation has in place sufficient counter fraud and security management support.</p> <p>Developing and maintaining a fraud reporting policy in line with relevant guidelines and best practice.</p> <p>Facilitating access for investigations to take place in relation to potential thefts, fraud and false accounting.</p>
<b>Demonstrating accountability</b>	<p>Demonstrating accountability for resources by ensuring that the organisation’s financial information system captures and processes information accurately and that this information is presented in a meaningful format to the governing body, managers, regulators and other stakeholders.</p> <p>Ensuring that underlying financial accounting systems are rigorously maintained so that they remain reliable and sound.</p>

	<p>Ensuring that the information used when compiling reports is objective, in line with underlying accounting records and consistent over time. Any assumptions used should be explained clearly and unambiguously.</p> <p>Reporting to the governing body on all key financial performance indicators so that it is fully aware of the financial position and the reasons for any variances from the financial plan, thus enabling the governing body to manage performance and ensure that key financial targets are met.</p> <p>Ensuring that reports to managers are concise, timely, accurate and reliable and that they help them to understand the financial position and the workforce/activity factors that contribute to any variations from what is planned.</p> <p>Ensuring that monitoring reports (for example to NHS England, Monitor or the NHS Trust Development Authority) are consistent with information provided to the organisation's own governing body, produced on time and in the format required.</p> <p>Ensuring that financial and non-financial information is integrated so that a meaningful overall picture of the organisation's performance is provided.</p> <p>Ensuring that the annual accounts are produced in the format specified by NHS England/Monitor/the Department of Health; that the accounts are audited, appropriately approved and presented to the annual general meeting/Parliament in line with prescribed timetables.</p> <p>Managing the relationship with external auditors (and regulators), and ensuring that they receive the evidence, authority and assistance they need to undertake their roles.</p> <p>Establishing a good working relationship with the chair of the Audit Committee.</p>
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### Role 3: Financial Management

Financial Management	Example activities
<b>Championing financial management</b>	<p>Ensuring that the organisation as a whole understands the importance of good financial management and is financially literate.</p> <p>Taking the lead in raising awareness/promoting the importance of good financial management/financial literacy throughout the organisation.</p> <p>Ensuring that there is adequate and appropriate financial management training at all levels throughout the organisation.</p> <p>Delivering the information/advice others need to make decisions relating to financial management. Ensuring that this information is reliable, timely, unambiguous and clear.</p> <p>Ensuring that managers with financial/budgetary responsibilities receive the information, advice and support they need.</p>
<b>Using financial management skills to deliver financial insights to partners, service users and colleagues</b>	<p>Ensuring (when relevant) that the integration of the provision of services is an explicit consideration in financial planning.</p> <p>Developing a culture that automatically sees finance staff involved in all material decisions (as defined by the organisation).</p> <p>Ensuring that relevant colleagues are supported in negotiating, agreeing and monitoring of contracts.</p> <p>Looking out for opportunities to introduce innovative changes to ways of working that improve patient outcomes, quality of care and value for money.</p>

<p><b>Having in place a financial management regime that suits the organisation's circumstances, structures and aims</b></p>	<p>Ensuring that there is a sound and comprehensive approach to financial management that is understood at all levels.</p> <p>Ensuring that financial management arrangements sit comfortably with service responsibilities and structures.</p> <p>Ensuring that service/activity plans and their financial implications are aligned and resources used as well as they can be – this requires a thorough understanding of the relationships between cost profiles, cost drivers and outcomes.</p> <p>Ensuring that robust arrangements are in place for financial planning, budgeting, monitoring and reporting.</p>
<p><b>Ensuring that the financial management regime is comprehensive and supports innovation, improvement and quality</b></p>	<p>Ensuring that managers throughout the organisation are financially literate and have the skills and competencies they need to discharge their financial management responsibilities.</p> <p>Constantly looking to improve financial performance so that the best possible quality and range of services to patients is delivered.</p> <p>Making sure that the governing body, clinicians and managers understand the importance of securing best value for both on-going and new activities/ways of working.</p> <p>Identifying opportunities for increasing service quality while delivering cost reduction/efficiency savings and leading on the delivery of agreed cost improvement plans (see role 1). This will involve working with clinicians, managers and partner organisations to explore alternative service delivery models/care pathways that will increase service quality while improving cost effectiveness.</p> <p>Making use of a range of information sources/techniques to facilitate the re-engineering of service delivery – for example, identifying and sharing best practice, making use of reference costs, care pathway costs, benchmarking and risk assessments.</p> <p>Modelling alternative scenarios to ensure that investment plans are optimised, risks identified, tracked and managed, best value delivered and the organisation's resources used wisely and well.</p> <p>Identifying and pursuing opportunities for partnership working while ensuring that they are underpinned by sound financial governance arrangements.</p> <p>Ensuring that financial issues are considered alongside service pressures – for example, when external stakeholders are involved in the process of identifying priorities for service development, financial opportunities and constraints need to be highlighted.</p> <p>Driving continuous improvement in financial management skills and techniques, for example in relation to:</p> <ul style="list-style-type: none"> <li>• Costing – to ensure that decisions are soundly based, the costs of activities are analysed; the key drivers identified and their behaviour modelled in different circumstances. This information should also be shared across the organisation</li> <li>• Procurement – to identify opportunities for increasing quality and delivering savings.</li> </ul>
<p><b>Ensuring that budget holders have the skills and information they need to carry out their roles</b></p>	<p>Ensuring that operational managers have the relevant skills and are competent to manage budgets.</p> <p>Ensuring that budgets are understood and supported by budget holders.</p> <p>Ensuring that adequate expertise, advice and training is available to budget holders so that they can understand the financial information they receive and manage the resources under their control.</p>

<p><b>Formulating, implementing and monitoring financial strategies/plans</b></p>	<p>Formulating financial strategies/plans based on a realistic assessment of future resources and using them in the best possible way.</p> <p>Ensuring that strategies/plans consider a number of scenarios that reflect a variety of possible outcomes and levels of risk or uncertainty, including realistic 'downside' scenarios.</p> <p>Ensuring that financial strategies/plans include:</p> <ul style="list-style-type: none"> <li>• A realistic allowance for inflation/pay rises and other cost pressures</li> <li>• Realistic (but challenging) targets for cost improvements and efficiency gains.</li> </ul> <p>Developing robust systems for setting capital and revenue budgets in conjunction with budget holders.</p> <p>Ensuring that budgets are in line with the overall long/medium term financial strategy and reflect operational plans (see role 1).</p> <p>Establishing a systematic approach to monitoring, reporting and forecasting performance against budget/plan that covers financial and non-financial information, including measures of quality.</p> <p>Providing regular reports of the organisation's financial progress (including year-end forecasts) that are timely, relevant, accurate and meaningful to:</p> <ul style="list-style-type: none"> <li>• Budget holders/service line managers</li> <li>• The governing body and executive/management team</li> <li>• External bodies such as NHS England/Monitor/the NHS Trust Development Authority.</li> </ul> <p>Ensuring that there is a process for dealing with variances from budget in a timely way, including taking corrective action when necessary.</p> <p>Ensuring that there is a process for reviewing (and improving) the organisation's approach to developing and operating its financial strategies/plans, budgets and capital programme.</p>
<p><b>Ensuring compliance with financial guidelines, duties and targets</b></p>	<p>Ensuring that the organisation achieves its statutory financial duties and that this requirement underpins all financial strategies, plans and processes.</p> <p>Ensuring that finance related national guidelines and targets are met. For example:</p> <ul style="list-style-type: none"> <li>• Better Payment Practice Code</li> <li>• Accounting requirements</li> <li>• PbR Code of Conduct</li> <li>• Approved Costing Guidance</li> <li>• Programme budgeting.</li> </ul>

**Role 4: commercial acumen**

Commercial acumen	Example activities
<p><b>Making the case for change</b></p>	<p>Ensuring that the 'right' financial information is available to decision makers at all levels so that choices between alternative options/scenarios can be made in an informed way.</p> <p>Ensuring the organisation has and uses a robust business planning process including a process for reviewing, supporting and evaluating business cases involving investment/option appraisal, business case preparation and validation. All investment proposals should be analysed thoroughly to ensure that they are credible, realistic and consistent with the organisation's corporate and operational plans and financial strategy.</p> <p>Ensuring that new and innovative ways of providing services are considered.</p>

<b>Maximising funding sources</b>	<p>Identifying opportunities and risks associated with new funding sources.</p> <p>Demonstrating consideration of the broad perspective in relation to opportunities for growth or divestment for the long term benefit and sustainability of the organisation.</p>
<b>Business-like thinking</b>	<p>Ensuring an outward focus based on sound understanding of the organisation and its core business.</p> <p>Thinking about how things could be done differently – for example, by considering what service users want and need and may be willing to pay; what, if any, is the opportunity cost?</p> <p>Ensuring that the financial performance and progress of the organisation is well described in words as well as numbers.</p>
<b>Developing partnerships with other organisations</b>	<p>Ensuring that negotiations with other organisations deliver a cost effective and efficient service while enhancing value for money.</p> <p>Ensuring that clinical services are engaged in internal and external discussions and decision making and that any contractual commitments given can be delivered.</p> <p>Ensuring that outsourced provider(s) deliver effective services in line with agreed contracts.</p>
<b>Responding to tenders and developing proposals for new business in the UK and further afield</b>	<p>Drafting formal proposal documents in response to invitations to tenders issued by other organisations.</p> <p>Identifying new services which the organisation could provide and sell.</p> <p>Developing service solutions which meet customer specifications.</p> <p>Costing and pricing services in a way which is commercially competitive.</p> <p>Evaluating potential mergers and acquisitions.</p>
<b>Implementing sustainable techniques for improving efficiency, effectiveness and the utilisation of resources</b>	<p>Providing financial input and advice in relation to service reconfigurations and major business cases.</p> <p>Challenging and verifying financial assumptions made by other organisations to ensure that robust plans are drawn up that maximise value for money.</p> <p>Implementing, developing and utilising service line reporting and patient level costing to inform decision-making throughout the organisation.</p>
<b>Demonstrating the value of policy and operational changes, focusing on outcomes</b>	<p>Challenging and supporting decision makers, especially in relation to affordability and value for money.</p> <p>Ensuring that policy and operational proposals with financial implications are signed off by the finance function.</p>
<b>Ensuring that money spent through contracts is managed to the standards expected for public funds</b>	<p>Ensuring that where they are in use service level agreements/contracts:</p> <ul style="list-style-type: none"> <li>• Are robust and comprehensive</li> <li>• Identify any accountability and risk sharing arrangements</li> <li>• Specify key performance indicators, monitoring processes and financial controls.</li> </ul>



## Role 5: professional leadership and management

Professional leadership and management	Example activities
<p><b>Ensuring high professional standards</b></p>	<p>Displaying personal conduct that is beyond reproach.</p> <p>Being an effective leader who inspires confidence and respect – someone that finance staff look up to, trust and admire.</p> <p>Setting high standards of professional conduct – being the ‘head of profession’.</p> <p>Adhering to the principles and values set out in the NHS Constitution and ensuring that finance staff do the same.</p> <p>Adhering to and exhibiting the core values expected of CFOs (see section 1 of this Statement).</p> <p>Ensuring that finance staff are aware of the values and standards expected of them.</p> <p>Adhering to relevant professional codes of conduct (for example, IFAC’s Code of Ethics for Professional Accountants) and accountancy body rules and regulations (including continuing professional development requirements).</p> <p>Providing a high quality service and encouraging all finance staff to do the same.</p> <p>Ensuring that the finance function is regarded as an essential and invaluable component of the organisation’s management, adding value and facilitating improvement.</p> <p>Ensuring that the organisation as a whole is financially literate. Including ensuring that financial leadership is covered in the governing body development programme; that non-executive directors, governors, lay members, clinicians and managers are supported as they acquire financial management skills.</p> <p>Providing professional guidance and support to the governing body, management/executive team and the finance team.</p>
<p><b>Leading and managing the finance function</b></p>	<p>Ensuring that the finance function has sufficient staff to be able to fulfil its objectives effectively.</p> <p>Ensuring that suitably qualified and experienced staff are recruited, trained and retained.</p> <p>Developing ‘succession plans’ for the finance function.</p> <p>Adopting the highest possible standards of management, to provide a finance function that is highly motivated, well-trained, and dedicated to quality, honesty and integrity.</p> <p>Looking out for new and better ways of working.</p> <p>Informing and involving staff when changes are needed so that it is seen as an opportunity, not a threat.</p> <p>Recognising the needs of individuals undergoing change and supporting them.</p> <p>Communicating effectively with finance staff and encouraging feedback and participation.</p> <p>Ensuring that finance staff are aware of ‘whistle blowing’ guidance and empowered to use it if necessary.</p> <p>Remaining approachable and sensitive to the needs/interests of finance staff.</p> <p>Being available to discuss issues of professional conscience, or conflict, in an environment that offers absolute discretion.</p> <p>Being alert to emerging problems/difficult circumstances and dealing with them swiftly and fairly.</p>

<p><b>Staff development and training</b></p>	<p>Encouraging all staff to maximise their potential, through training, job experience and participation in NHS wide training and development schemes.</p> <p>Ensuring that all staff are ‘developed’ using a personal development planning process in line with the requirements of the NHS Knowledge and Skills Framework (KSF) and the accountancy institutes’ CPD schemes.</p> <p>Providing adequate resources and training facilities so that agreed development needs can be fulfilled. This will involve ensuring that:</p> <ul style="list-style-type: none"> <li>• Trainers (internal and external) are available to help with training and development needs</li> <li>• A wide range of opportunities is available for all staff levels.</li> </ul> <p>Ensuring that there is an appraisal process for staff and that they are provided with monitoring and feedback as an integral part of the personal development planning process.</p> <p>Ensuring that individuals are offered the opportunity to study for professional qualifications (CIMA/CCAB/AAT) where that might be beneficial to the individual and organisation.</p> <p>Ensuring that qualified staff meet their accountancy body’s CPD requirements and that resource is available to help them do so.</p> <p>Ensuring that there are sufficient, appropriately skilled finance staff within the organisation.</p> <p>Encouraging staff to ‘aim high’ so that future leaders can emerge.</p> <p>Ensuring that there is an active link to the local FSD network.</p>
<p><b>Reviewing and improving the finance function/ department</b></p>	<p>Reviewing continuously the quality of information produced and service provided by the finance department.</p> <p>Encouraging all finance staff to have a ‘customer focus’.</p> <p>Encouraging staff to network with colleagues in the NHS and partner organisations.</p> <p>Being open to suggestions from staff for secondments where these provide an opportunity to improve the quality and motivation of staff available to the NHS.</p> <p>Ensuring that regular feedback is sought from service users of the finance department and other stakeholders.</p> <p>Encouraging finance staff to feedback views on the service provided and to put forward suggestions for improvement.</p> <p>Fostering an environment focused on achieving continuous improvement, taking advantage of emerging technologies and new ways of working.</p> <p>Enabling and encouraging finance staff to connect with other disciplines and professionals – for example, clinicians, procurement specialists and suppliers.</p> <p>Considering accrediting the finance department with any relevant schemes (for example, accountancy body CPD/training accreditation schemes).</p>

### Appendix 3. Further references

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Healthcare Financial Management Association (HFMA): [www.hfma.org.uk](http://www.hfma.org.uk)

Association of Chartered Certified Accountants (ACCA): [www.acca.co.uk/](http://www.acca.co.uk/)

Chartered Institute of Management Accountants (CIMA): [www.cimaglobal.com/](http://www.cimaglobal.com/)

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## Appendix 4. Acknowledgements

This Statement has been developed under the direction of the HFMA's Financial Management and Research Committee – we are grateful to all its members and to other individuals who commented on the Statement as it was developed:

Keith Wood (Chairman)	Kate Mathers
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Tom Jackson	Paul Taylor
Emma Knowles	Robert White
Tarryn Lake	

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# Directors' Report

Company  
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... subsidiaries during the FY2005.

## CAPITAL AND FINANCIAL RESOURCES

Shareholders are invited to attend the annual general meeting of the company to discuss the directors' report and the financial statements of the company for the year ended 31st March 2005. The directors' report and financial statements are available on the company's website at [www.abc.com](http://www.abc.com).



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