

Financial Responsibility Policies and Procedures

It is the Chair's responsibility to ensure financial stability in his/her department and to manage the department's financial resources in an optimal manner. This responsibility includes managing departmental resources on at least a break-even basis, developing financially sound business plans to take advantage of growth opportunities, and addressing financial issues that may arise in a timely fashion.

The School's current financial constraints are such that operating shortfalls in any area of the operations cannot be supported. As a result, the following general policy applies:

Departmental funds must at least break-even on a monthly operating basis. The break-even criteria are as follows:

- Basic Sciences – Departmental and Seed Accounts
- Clinical Sciences – Departmental, FPA and Seed Accounts

Departments not operating on at least a run-rate break-even basis will be required to prepare and implement a corrective action plan that will at a minimum balance the departmental account within three months.

The reasonableness of the corrective action plan and implementation progress will be monitored by a Management Committee of the Dean's Office chaired by Jeffrey Silberstein. In the event the Department's corrective action plan is

unsuccessful, the Management Committee and/or its representatives will assume control of the Department's financial operations, including:

- Immediate actions to return the Departmental account to at least a break-even result which may include salary reductions and curtailment of supply and nonessential non salary expenses.
- The Departmental Administrator will report directly to the Management Committee and/or their representative(s).
- For Clinical Departments, the Practice Manager/Billing Manager will report directly to the FPA CEO and/or his representative(s).
- Processing of all personnel actions, requisitions, transactions and purchase requisitions will require the Management Committee's or its designee's approval.

Once the Management Committee has determined that on-going financial stability within the department has been ensured (i.e., three consecutive months of financial results that meet the financial criteria described above), the department chair will reassume responsibility for its finance.

Additional information on the administration of this financial management policy, its implications for other funds (gifts and endowment income accounts) under the department's control are provided in the appendix to the general policy.

Assignment of Responsibility

The responsibilities of the Chair and the Dean's Office Management Committee in monitoring and administering each Department's finances are as follows:

Chair's Financial Responsibilities

The Chair is responsible for managing departmental, FPA, gift, endowment income and grant funds according to the following policies:

1. All departmental funds and seed accounts must break-even on a monthly basis. For clinical departments the break-even calculation includes the FPA and Departmental accounts. The ability to spend down the accumulated balance in a departmental account requires justification and the approval of the Management Committee.
2. FPA Funds must operate on at least a break-even basis when combined.
3. Gift Funds should be used for one-time expenditures/seed money investments in support of the Department's growth initiatives. The expenses of these funds must operate within the accumulated balances of the related fund.
4. Endowment Income Accounts are available to support the ongoing operation of the department and/or faculty

members in accordance with the donor's restrictions. The expenses of these funds must operate within the sum of the accumulated balance of the fund including the annual income distributed according to the approved spending rate.

5. Grants must operate within the sponsors' approved budget.¹

¹ All Grants and Contracts are exempt from this policy, and will not be included in the determination of the deficit, nor will they be included in any of the restrictive measures implemented to curtail the deficit

Management Committee's Responsibilities

The Management Committee of the Dean's Office, chaired by Jeffrey Silberstein, will monitor the monthly financial results of each department according to the financial management criteria described above. Departments not operating according to these policies will be notified by the Dean's Office and asked to submit a plan to the Management Committee that will address and correct the financial issues within three months. At the end of three months the deficit must be resolved or a viable plan toward fiscal stability must be demonstrated. If this goal is not achieved, the Management Committee or their representative(s) will manage the Department's finances as follows:

- Immediate actions to return the Departmental account to at least a break-even result, which may include salary

reductions and curtailment of supply and nonessential non-salary expenses.

- The Departmental Administrator will report directly to the Management Committee and/or their representative(s).
- For Clinical Departments, the practice Manager/billing manager will report directly to the FPA CEO and/or his representative(s).
- Processing of all personnel actions, requisitions, transactions, and purchase requisitions will require the Management Committee's approval.

The policies for managing funds will also include:

- Endowment Income Accounts – A deficit in an endowment income account will be transferred to the departmental account and the account will be closed until the next endowment income distribution (i.e., the beginning of the next fiscal year).
- Grant Funds – Any true deficit in a grant fund without an identified funding source will be transferred to the departmental account no less than 120 days after the grant's termination date.
- Gift Funds – A deficit in a gift account without an identified funding source will be transferred to the departmental account and the account will be closed.

Use of Gift Funds: Gift funds should be used primarily to support one time investments and seed money expenses designed to promote each department's growth. If a department operating in deficit proposes the use of gift funds in their corrective action plan as a means to return to monthly run rate of the departmental account to at least break-even, the Management Committee will consider the following:

- Whether the gift funds provide a recurring source of support,
- Whether the expenses reassigned from the departmental account will create a deficit in the gift/seed accounts,
- Whether commitments to faculty from these accounts will be delayed or rescinded.

Management Committee

When a Department is experiencing financial difficulty, the goal of the Management Committee of the Dean's Office is to work with the Chair and Administrator to review, approve, and facilitate the implementation of a corrective action plan that returns the Department's finances to at least break-even in no more than three months. In the event a credible corrective action plan cannot be developed or the approved plan is not successful, the Management Committee will assume responsibility for the Department's finances as described in the policy.

The members of the Management Committee include:

Jeff Silberstein – Chairman & Associate Dean for Operations

Steve Harvey – Senior Vice President for Finance

Dr. Burton Drayer – FPA Chief Executive Officer

Michael Schaffer - FPA Chief Operating Officer

Ad Hoc faculty and staff members may be added as needed