

McMaster University

Faculty of Health Sciences

Expenditure Control Policy

Regional Medical Associates of Hamilton Donation

I. INTRODUCTION

The RMA donation will be used for the advancement of education and research related to the provision of professional health services at McMaster University.

The responsibility for the effective management of the RMA donation is shared by the Council of Michael G. DeGroote School of Medicine, department clinical chairs and the Dean/Vice-President of the Faculty of Health Sciences. It is increasingly important that the procedures of expenditure control be clearly understood and followed given the not-for-profit status of RMA and the tax status of the donation from RMA to the University.

II. STRUCTURE OF THE RMA DONATION

1) The Faculty of Health Sciences managed "Clinical Practice Plan", has first priority on the use of the RMA donation. If there are unexpended funds available from the RMA donation after the expenditures of the Clinical Practice Plan have been covered, the Council of Michael G. DeGroote School of Medicine can then approve allocations to the Dean, the Faculty Reserve and distribution to clinical departments. The "Distribution to Departments" are under the control of the department chair.

2) It is imperative that accurate and timely projections of income and expenses by clinical departments be prepared and reviewed by the clinical chairs, and the Dean/Vice-President. Based on the projections, decisions are made which affect the final year-end results. Projections are prepared by the Finance Office and presented to the Council of Michael G. DeGroote School of Medicine as required. The projections are reviewed by the individual clinical departments and any changes are communicated to the Finance Office immediately.

3) All activity (human resources, financial, etc) must conform to University and Faculty policies and procedures.

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Council of Michael G. DeGroote School of Medicine June 11, 1997

III. EXPENDITURE CONTROL PROCEDURES

1) Clinical Practice Plan

The Clinical Practice Plan managed within University accounts, encompasses the RMA donation and operating costs of clinical departments supported by the departmental practice plan. The types of expenditures which are allowed against the RMA donation must be approved by the clinical chairs and the Dean/Vice-President. These costs relate to the operating of clinical teaching units and clinical department expenses supporting clinical faculty as determined by department policy. These costs include, but are not restricted to, the following:

- a) faculty salaries and fringe benefits (including clinical scholars and clinical contracts).
- b) costs of practice which include secretarial salaries/fringe benefits, travel, equipment and supplies/expenses.
- c) ceiling guarantees for clinical chair positions.
- d) central practice plan costs such as interest expense and illness guarantees.
- e) the staff costs to operate the department which are partially funded by the clinical education budget of affiliated teaching hospitals ("cost share" positions) and are not funded by MTCU and other funds such as AFP.
- f) professional development allowance annual allocation as per the annual personnel agreement of the clinical faculty member and as approved by the department.

The University holds the title for all items purchased with the funds from the clinical practice plan.

Clinical faculty research leaves to be funded by clinical earnings must be approved by the Council of Michael G. DeGroot School of Medicine and the Dean/Vice-President to ensure that the leave is financially viable.

Throughout the year, each department chair monitors his/her respective department's income and expenses. The chair is required to take timely corrective action when necessary so that the department does not overspend its income for the fiscal year.

The final year-end results by department will be prepared by the Finance Office. The clinical chairs, and the Dean/Vice-President must ensure that all deficits generated by the clinical departments in the Plan are eliminated before any distribution to departments is approved by the committee.

2) Distribution to Departments

The funds which are approved to be distributed to clinical departments are the responsibility of the chair. These funds may only be used for the following:

- a) non-salary expenses to run the department such as books, periodicals, travel, supplies/expenses, equipment and seminars.
- b) salary payments for part-time medical, technical and clerical/secretarial support.
- c) full-time clerical/secretarial and technical staff for a defined period of time.
(see Section III.3)
- d) other expenses at the discretion of the chair with the advice from the Chairs Advisory Group.

The University holds the title for all items purchased with the funds from the "Distribution to Departments".

The chair ensures that annual expenditures do not exceed the distribution to the department. An annual budget should be prepared which balances the funds distributed to planned expenditures and to promote openness and transparency, can be reported to the appropriate departmental committee(s). All surplus/deficit balances are carried forward to next year. The clinical department is responsible for covering any deficits resulting from over-expenditure of the distribution.