

# **EXPENSE REVIEW AND CONTROL COMMITTEE PROCESS**

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This message is for your information only. Please do not reply.

**John C. LaRosa, MD, FACP**

**President**

Our state's financial condition has deteriorated to unexpected levels due to the sharp decline in state tax revenue resulting from the financial crisis on Wall Street and the turmoil in the international financial markets. New York faces in excess of a \$47 billion budget deficit over the next four years. This includes a current year shortfall of \$1.5 billion and a \$12.5 billion deficit for next FY 2009/10.

This resulted in a budget reduction of \$209.9 million to the State University of NY.

The resulting current reductions to Downstate Medical Center are \$2.7 million for the current fiscal year ending June 30, 2009 and \$3.7 million annualized for FY 2009/10. This excludes any reductions in temporary funding, e.g. Empire Innovation, High Needs, etc. In addition, these reductions do NOT include either state allocation reductions or insurance reimbursement reductions to be absorbed by University Hospital of Brooklyn or additional budget actions that the Governor or the state legislature may impose in the future.

These unprecedented times require us to take direct and aggressive action to assure that we remain competitive and continue to deliver programs and services to our stakeholders.

Therefore, and effective immediately, I am instituting the following measures to ensure that we control spending during these uncertain times. A newly formed Expense Review and Control Committee will review all of the measures detailed below for all units within DMC, including UHB, and will have sole responsibility for approving any exceptions:

- A hiring freeze will be instituted for all departments, with exceptions considered for patient care, critical educational needs and life/safety issues.
  - A freeze will also be instituted on all salary adjustments with the exception of those UUP adjustments recently approved.
  - Overtime will be eliminated except for the purposes of patient care and life/safety issues.
  - All temporary and agency positions will be handled as above.
  - Only essential out-of-state travel will be supported by State or UHB funds.
  - All local travel must be approved by department heads and approved by the committee.
  - All new OTPS expenses in excess of \$5,000 must be approved by department heads and approved by the committee.
  - All capital equipment purchases will be reviewed.
  - All information technology purchases will be reviewed

Any questions regarding the above should be directed to Frederick J. Hammond, Jr. Senior Vice President and CFO, chair of the above committee, at x3176



SUNY  
**DOWNSTATE**  
Medical Center

University Hospital of Brooklyn  
College of Medicine  
School of Graduate Studies  
College of Nursing  
College of Health Related Professions

**Office of the Senior Vice President and  
Chief Financial Officer**

TO: Vice Presidents, Chairs, Directors and Administrators

FROM: Frederick J. Hammond, Jr.  
Senior Vice President and  
Chief Financial Officer

RE: EXPENSE REVIEW and CONTROL COMMITTEE PROCESS

DATE: November 21, 2008

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This memo is to follow-up Dr. LaRosa's recent communication regarding the review of campus expenses and to specifically outline the process that will be undertaken to do so.

In order to reduce the burden on individual departments, the routing procedures for all actions listed below will continue as before.

- Personnel Actions of all types
- Temporary and Agency positions
- Travel
- OTPS greater than \$5,000
- Capital and Technology

Please continue to submit appropriate paperwork as you have previously.

These actions will not affect appropriate expenditures through the Research Foundation.

The process through the committee will be structured as follows:

1. The Committee will meet every Tuesday at 3:00 PM.
2. The Committee will review all requests received by close of business on the previous Friday afternoon.
3. All requests must document necessity through a written justification addressing: direct patient care, life/safety, critical educational need, quantifiable cost savings, revenue implications, regulatory mandates, etc.
4. The receiving department, e.g. Finance, Procurement, etc. will consolidate all information and submit it to the CFO's office where it will be summarized for review by the committee by Monday afternoon.
5. The committee will review the information submitted and share the results of these deliberations with the originating departments by Wednesday's close of business.

We will be setting up a hot link through the Finance website to communicate this information as quickly as possible.

## **Personnel Actions**

- A hiring freeze is instituted for all departments, with exceptions considered for patient care, critical educational needs and life/safety issues.
- A freeze is also instituted on all salary adjustments with the exception of those UUP adjustments recently approved.
- Overtime will be eliminated except for the purposes of patient care and life/safety issues.
- These actions will not affect appropriate expenditures through the Research Foundation.

### Process

- Prepare paperwork and seek appropriate departmental and funding approvals as before.
- Attach to package a justification letter to explain why such action is necessary. Justification should address: direct patient care, life/safety, critical educational need, quantifiable cost savings, revenue implications, regulatory mandates, etc.
- For Academic and Administration related personnel actions (except for resignation, retirement or leave), paperwork should be submitted to Budget Administration.
- For University Hospital related personnel actions (except for resignation, retirement or leave), paperwork should be submitted to Hospital Finance.
- All requests collected will be submitted by Friday afternoon to the CFO's office for the Expense Review and Control Committee approval.
- The Expense Review and Control Committee meets every Tuesday at 3 p.m.
- Department will be notified of the final decision by close of business on Wednesday.
- Personnel packages will be returned to Budget Administration and Hospital Finance respectively for forwarding to the departments making the requests.
- Originating departments submit approved personnel packages to Human Resources Department for processing.

## **Temporary and Agency Positions**

- A hiring freeze is instituted on all temporary and agency positions.
- These actions will not affect appropriate expenditures through the Research Foundation.

### Process

- Prepare paperwork and seek appropriate departmental and funding approvals as before.
- Attach to package a justification letter to explain why such action is necessary. Justification should address: direct patient care, life/safety, critical educational need, quantifiable cost savings, revenue implications, regulatory mandates, etc.
- For Academic and Administration related personnel actions (except for resignation, retirement or leave), paperwork should be submitted to Budget Administration.
- For University Hospital related personnel actions (except for resignation, retirement or leave), paperwork should be submitted to Hospital Finance.
- All requests collected will be submitted by Friday afternoon to the CFO's office for the Expense Review and Control Committee approval.
- The Expense Review and Control Committee meets every Tuesday at 3 p.m.
- Department will be notified of the final decision by close of business on Wednesday.
- Personnel packages will be returned to Budget Administration and Hospital Finance respectively for forwarding to the departments making the requests.
- Originating departments submit approved personnel packages to Human Resources Department for processing.

## **Travel**

- Only essential out-of-state travel will be supported by State or UHB funds.
- All local travel must be approved by department heads and approved by the committee.
- These actions will not affect appropriate expenditures through the Research Foundation.

### Process

- Prepare Travel Approval Request for all travel before making reservations and seek appropriate departmental and funding approvals as before.
- Submit paperwork to the Executive Vice President's office with a justification letter to explain why such travel is necessary. Justification should address: direct patient care, life/safety, critical educational need, quantifiable cost savings, revenue implications, regulatory mandates, etc.
- Travel Approval Requests will be collected and sent to the CFO's office by Friday afternoon to be submitted to the Expense Review and Control Committee for approval.
- The Expense Review and Control Committee meets every Tuesday at 3 p.m.
- Department will be notified of the final decision by close of business on Wednesday.
- All Travel Approval Requests will be returned to the Executive Vice President's office for signature, as appropriate, and for forwarding to the departments making the requests.
- Departments must attach approved Travel Approval Requests to the Travel Vouchers for reimbursement.

## **OTPS Greater Than \$5,000**

- All new OTPS expenses in excess of \$5,000 must be approved by department heads and approved by the committee.
- (In addition, the committee will review all questionable procurements that may fall outside State guidelines.)
- These actions will not affect appropriate expenditures through the Research Foundation.

### Process

- Prepare requisitions for OTPS expenses in excess of \$5,000 and seek appropriate department head and funding approvals as before.
- Submit requisition to the Purchasing Department with a justification letter to explain why such purchases are necessary. Justification should address: direct patient care, life/safety, critical educational need, quantifiable cost savings, revenue implications, regulatory mandates, etc.
- NOTE: For University Hospital related purchases, requisitions should be submitted to Hospital Finance.
- The Purchasing Department and Hospital Finance will collect all requisitions and submit them by Friday afternoon to the CFO's office for the Expense Review and Control Committee approval.
- The Expense Review and Control Committee meets every Tuesday at 3 p.m.
- Department will be notified of the final decision by close of business on Wednesday.
- Requisitions will be returned to the Purchasing Department and Hospital Finance respectively for appropriate action.

## **Capital and Technology Purchases**

- All capital equipment purchases will be reviewed.
- All information technology purchases will be reviewed.
- These actions will not affect appropriate expenditures through the Research Foundation.

### Process

- Prepare requisitions for capital equipment and information technology purchases and seek appropriate department head and funding approvals as before.
- Submit requisition to the Purchasing Department with a justification letter to explain why such purchases are necessary. Justification should address: direct patient care, life/safety, critical educational need, quantifiable cost savings, revenue implications, regulatory mandates, etc.
- NOTE: For University Hospital related purchases, requisitions should be submitted to Hospital Finance.
- The Purchasing Department and Hospital Finance will collect all requisitions and submit them by Friday afternoon to the CFO's office for the Expense Review and Control Committee approval.
- The Expense Review and Control Committee meets every Tuesday at 3 p.m.
- Department will be notified of the final decision by close of business on Wednesday.
- Requisitions will be returned to the Purchasing Department and Hospital Finance respectively for appropriate action.