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|  <p>JOHNS HOPKINS M E D I C I N E JOHNS HOPKINS HEALTH SYSTEM</p> | <p>The Johns Hopkins Health System Policy & Procedure</p> | <p><i>Policy Number</i> FIN087</p> |
| | <p><i>Subject</i></p> | <p><i>Effective Date</i> 01-01-08</p> |
| | <p>APPROVAL PROCESS FOR INTERDEPARTMENTAL BUDGET TRANSFERS</p> | <p><i>Page</i> 1 of 2</p> |
| | | <p><i>Supersedes</i> 10-01-06</p> |

POLICY

This policy applies to The Johns Hopkins Health System Corp. (JHHS) and the following affiliated entities: The Johns Hopkins Hospital (JHH), Johns Hopkins Bayview Medical Center (JHBMC), Howard County General Hospital (HCGH), Johns Hopkins Community Physicians (JHCP), Johns Hopkins Medical Services Corporation (JHMSC), Johns Hopkins Medicine International (JHMI), Ophthalmology Associates (OA), Johns Hopkins Employer Health Programs (EHP), Johns Hopkins Medical Management Corporation (JHMMC), Priority Partners (PP), Johns Hopkins Pharmaquip, Inc. (JHPQ), Johns Hopkins Home Health Services, Inc. (JHHHS), Johns Hopkins Pediatrics Home, Inc. (JHPAHI), Johns Hopkins HealthCare (JHHC), Johns Hopkins Home Care Group (JHHCG), Suburban Health Center (SHC), Broadway Acquisition and Development, and HCGH OB/GYN Associates Series, LLC (HCGH OBGYN)

Purpose


The purpose of the policy is to provide guidelines for the transfer of approved operating expense budgets between departments within JHHS entities in order to ensure the appropriate completion of such transfers.

When fiscal and/or operational responsibility for a particular function transfers from one department to another within the same JHHS affiliate entity, the following approval process for the interdepartmental transfer of operating expense budgets must be followed:

1. **Materiality:** No threshold of materiality need be established for the interdepartmental transfer of operating expense budgets. The fiscal and operational transfer of responsibility from one department to another, irrespective of materiality, is sufficient justification for the transfer.
2. **Authorization:** All interdepartmental transfers of operating expense budgets must be approved by both the transferor and transferee department administrators. Written approval by both departmental administrators affected by the transfer must be submitted to the central Finance/Budget Department of the affected JHHS affiliate in order for transfers to be made. Such written approval will constitute acceptance of responsibility for the transfer, and agreement on the adequacy of funding levels and, where appropriate, the efficacy of budgeted patient volume budgets associated with those expense budgets. Operating expense budget transfers must be budget neutral and shall not result in the addition of operating expense to the respective JHHS affiliate. If disagreement over either funding or volume levels cannot be resolved without the addition of incremental operating expense to the JHHS affiliate, approval of the appropriate affiliate Vice President of Finance must be obtained.

RESPONSIBILITIES - JHH

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| Departmental Financial Personnel | Assign value to transfer and quantify any volumes associated with the transfer. |
| Departmental Administrators | Review documentation and approve transfer in writing. |
| Executive Vice President/COO | Arbitrate any departmental differences concerning interdepartmental transfers of operating expense budgets. |
| Vice President of Finance/Chief Financial Officer (CFO) and Treasurer, JHH/JHHS | Approve unbudgeted incremental operating expense. |

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Finance Department Personnel Complete interdepartmental transfers of operating expense and volume budgets.

RESPONSIBILITIES - JHBMC, JHHS AND OTHER AFFILIATES

Departmental Administrators, Vice Presidents Assign value to transfer and quantify any volumes associated with the transfer. Review documentation and approve transfer in writing.

Affiliate COO or CEO Arbitrate any departmental differences concerning interdepartmental transfers of operating expense budgets.

Vice President of Finance/CFO and Treasurer, JHHS Approve unbudgeted incremental operating expense.

Finance Department Personnel Complete interdepartmental transfers of operating expense and volume budgets.

SPONSOR

Vice President of Finance/CFO and Treasurer, JHHS

REVIEW CYCLE

Three (3) years

APPROVAL

President, JHHS

Date