

Subject: PURCHASING – SUPPLIES & EQUIPMENT	Issued By: PURCHASING		
	Approved By: Kathleen R. Hurtado President & CEO		
Policy #: 700-B	Issue Date: May 26, 2008	Revised Date: June 4, 2008	Effective Date: June 4, 2008

Reference: Merged from USC Purchasing Policies & Procedures and procedural notes from previous Accounting Technician & Buyer, original HRA Purchasing Procedure dated 8-15-2005 and updated 10-1-2006, 5-1-2008, 5-26-2008, 6-4-2008 and updated per USC Expenditure Policies and Procedures dated 5-1-2008 located here: <http://policies.usc.edu/policies/expmanual050108.pdf>; and USC Purchasing Services Policies and Procedures dated 1-2-2006 located at: <http://policies.usc.edu/policies/purchasing010206.pdf>.

PURPOSE

HRA’s Purchasing Department operates as a centralized resource to ensure that goods and services are procured at the maximum value in compliance with HRA, USC and governmental policies, and in accordance with best practices. *Note: HRA has a strong preference for paperless transaction processing over paper-based transaction processing. Wherever possible, HRA’s Purchasing Department will strive to process purchases in a completely electronic manner.*

Notes:

- For items costing \geq \$5,000 with a useful life of more than one year such as furniture and equipment, please see HRA’s Fixed Assets Policy located here: <http://www.health-research.org/files/Assets.pdf>.
- When expenses are to be charged to a Strict Project Account, the terms of the applicable contract or grant will take precedence over HRA’s Purchasing Policies and Procedures. Expenses must be detailed in the IRB-approved protocol-specific budget.
- HRA’s Purchasing Department does not handle travel purchases. Please see HRA’s Business Travel Policy located at: <http://www.health-research.org/files/BusTravel.pdf>.
- HRA does not permit payment of invoices that are more than six months older than the date of the Purchase Requisition and/or payment request.
- Under NO circumstances (except for travel-related purchases) shall HRA Staff Members use personal funds for purchasing goods and services on behalf of HRA and then later seek reimbursement from HRA.

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PROCEDURES

1. **WHO MAY SIGN PROCUREMENT AGREEMENTS:** Please see the following table for a list of procurement agreements and respective signers:

Who May Sign Procurement Agreements	
Procurement Agreement	Signer Title
Vendor/Supplier contracts	HRA's CFO
Purchase Orders	HRA's CFO or Finance Manager
Purchase Order Change Orders	HRA's CFO
Software licensing agreements	HRA's CFO
Maintenance and service agreements	HRA's CFO
Hotel and event related agreements	HRA's CFO
All other procurement agreements	HRA's CFO
Consulting and/or Independent Contractor Agreements	HRA's President & CEO
Contracts with Sponsors and any documents developed by HRA's Office of Contract Administration	HRA's President & CEO
Rental and/or leasing agreements for office and/or lab space	Must be signed by both HRA's President & CEO as well as HRA's CFO

2. **OBTAINING COMPETITIVE QUOTES:** HRA's Purchasing Department will obtain competitive quotes for products and/or services worth \$5,000 or more and retain images of those quotes. Ideally, three separate quotes from different Vendors/Suppliers should be collected. When deciding between Vendors/Suppliers, HRA's Purchasing Department should consider which Vendor/Supplier provides the greatest value to HRA. This may not necessarily be the least expensive bid;

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3. **NEW VENDOR/SUPPLIER VERIFICATION:** After HRA’s Purchasing Department identifies new Vendors/Suppliers, HRA’s Staff Accountant has the responsibility for setting up new Vendors/Suppliers within HRA’s accounting system. When adding a new Vendor/Supplier, the Finance Department confirms the validity of the new Vendor/Supplier by doing the following:

- a) **OBTAIN AN EXECUTED FORM W-9 FROM THE VENDOR/SUPPLIER** (responsibility of HRA’s Admin Accounts Payable and/or Project Accounts Payable); and
- b) **CONFIRM EXISTENCE OF VENDOR VIA INTERNET SEARCH OF THE EXCLUDED PARTIES LIST SYSTEM LOCATED HERE:**
<http://www.epls.gov/eplsearch.do?ssn=true> (responsibility of HRA’s Staff Accountant).

If any of the above cannot be confirmed or obtained, the Staff Accountant will further research the new Vendor/Supplier by contacting them to request additional documentation, such as:

- c) A copy of the Vendor’s/Supplier’s business license;
- d) A copy of an official IRS form with the company’s name preprinted on it;
- e) A business reference; and/or
- f) A business check;

4. **STEPS FOR MAKING A PURCHASE THROUGH HRA’S PURCHASING DEPARTMENT VIA THE PURCHASE ORDER METHOD:** These general guidelines apply to the majority of HRA Purchase Requisitions fulfilled by the HRA Purchasing Department. Modifications to these guidelines may be required for extraordinary purchases and for the Direct Method:

- a) **RECEIVE COMPLETED PURCHASE REQUISITION;**
- b) **IDENTIFY VENDORS/SUPPLIERS;**
- c) **OBTAIN COMPETITIVE PRICE QUOTES FOR ITEMS WORTH \$5,000 OR MORE;**
- d) **SELECT VENDOR/SUPPLIER;**
- e) **DETERMINE PRICE;**
- f) **OBTAIN PURCHASE ORDER NUMBER FROM IRIS AFTER INPUTTING PURCHASE REQUISITION INFORMATION; and**
- g) **PLACE ORDER WITH VENDOR/SUPPLIER** (asking that HRA’s Purchase Order # be included on all invoices and packing slips);

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5. **PURCHASE REQUISITIONS:** Purchase Requisitions may be obtained from the HRA business office at the address shown above. The requisition must be authorized by signature of the Principal Investigator (PI) or their designee, either of whom must already have a Signature Authorization Form on file at HRA. Blank Signature Authorization Forms may be obtained from HRA’s front desk receptionist or downloaded from the HRA website at this location: http://www.health-research.org/files/Signature_Form.pdf. The Signature Authorization Form allows the PI to place restrictions on items and/or amounts that individual Staff Members are allowed to authorize. Purchase Requisitions are to be used when ordering all materials, supplies, equipment, books, lab supplies, maintenance agreements, and for any type of Blanket Purchase Orders or reimbursements via HRA’s Direct Method. After the Purchase Requisition is processed, a copy of the Purchase Order, if applicable, will be sent to the PI, or their designee, via e-mail upon request.

SPECIAL INSTRUCTIONS FOR FAXED PURCHASE REQUISITIONS: HRA understands that situations may arise that require an order to be expedited. Therefore, Purchase Requisitions may be faxed to HRA at (323) 342-0947 if the original paperwork is delivered to HRA’s business office within 48 hours of the fax transmission. The original Purchase Requisition paperwork must include a note indicating the date and time of the fax to HRA. HRA is not be liable for duplicate orders that result from faxed Requisitions;

6. **SPECIAL INSTRUCTIONS REGARDING BLANKET PURCHASE ORDERS:** A Blanket Purchase Order can be used for ongoing purchases from one Vendor/Supplier for a minimum period of three months to a maximum of one year; but may not extend past the current fiscal year. A Blanket Purchase Order eliminates the need for sending frequent Purchase Requisitions to cover ongoing expenses of an existing project. Blanket Purchase Orders are appropriate for maintenance agreements, leases, rental agreements, stipends, landline, cell phone and/or pager charges, bookstore purchases, express delivery services and drinking water delivery services. A new Blanket Purchase Order should be issued once the term of the existing order has expired. When creating a new Blanket Purchase Order, reference must be made to the previous Blanket Purchase Order. Funds for a Blanket Purchase Order are encumbered when the Blanket Purchase Order is created, but other arrangements can be made with the prior approval of HRA’s President & CEO. It is important to review Blanket Purchase Orders toward the end of each fiscal year and make certain that the encumbered amount is needed. Blanket Purchase Orders for Strict Project and Restricted Fund Accounts may cross HRA’s fiscal year but cannot have a termination date beyond the termination date of the project;

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SPECIAL INSTRUCTIONS FOR MAINTENANCE AGREEMENTS & LEASES: To avoid possible delays in processing, Purchase Requisitions for these types of agreements must contain all of the information related to the specific equipment to be maintained, space to be rented, service agreements to be entered into, a description of services to be provided, and the length of the contract/agreement;

7. **CALIFORNIA SALES/USE TAX:** HRA’s Accounts Payable Department is responsible for determining whether a purchase is taxable and will automatically accrue Los Angeles Sales/Use tax on Purchase Orders for items shipped to Los Angeles, if sales tax was applicable but not invoiced by the Vendor/Supplier. The amount of this tax will be charged to the appropriate HRA Project number. Software and Internet services that are provided – but not physically delivered – to the end user are exempt from California Sales/Use Tax. Some print material may also be exempt from California Sales/Use Tax. The “Printing Team” in USC’s Purchasing Services Department may be consulted for guidance at: http://fbs.usc.edu/depts/purchasing/object.aspx?object_id=713;

Note: For items shipped to non-LA based locations, HRA’s Accounts Payable Department will accrue Sales/Use tax at the applicable rate. An explanation to the Vendor/Supplier will be provided, if needed. HRA’s Purchasing Policy contains additional information on California Sales/Use tax and can be found at: <http://www.health-research.org/files/PurchasingPolicy.pdf>.

EXAMPLES OF TAX EXEMPT PURCHASES: Types of purchases that are exempt from California Sales/Use Tax include, but are not limited to:

- Food for human consumption;
- Hazardous waste disposal fee (for hardware);
- Gift wrapping;
- Registration fees and memberships;
- Page charges;
- Postage and shipping charges;
- Software and Internet services that are provided (downloaded) but not physically delivered to the end user;
- Software maintenance or service if no software is delivered to HRA; and
- Subscriptions of between 4 and 59 issues per year.

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EXAMPLES OF TAXABLE PURCHASES: Types of purchases that are not exempt from California Sales/Use Tax include, but are not limited to:

- Carbonated beverages;
- Containers;
- Dry ice;
- Equipment leases;
- Furniture;
- Handling charges;
- Lab and office supplies;
- Packaging;
- Reprints;
- Software delivered to HRA (e.g., CD);
- Software maintenance or service if software, such as a CD, is delivered to HRA; and
- Subscriptions with 1-3 issues and over 60 issues per year.

8. **USC’S SURPLUS SALES DEPARTMENT:** In the event that excess items and/or useable old equipment were purchased through HRA and are no longer needed by the PI, such surpluses may be sold through USC’s Surplus Sales Department. For more information, please refer to USC’s Surplus Sales Policies & Procedures located at: <http://policies.usc.edu/policies/surplussales030107.pdf>;
9. **DELIVERIES:** HRA has a strong preference for “direct delivery” of goods to the end user rather than having items shipped to HRA and distributed from HRA. There are two exceptions to this strong preference:
- a) **DELIVERIES TO LA COUNTY:** Due to the fact that LA County’s Shipping and Receiving Department is inconveniently located, items being ordered for LA County always will be delivered to HRA’s offices and distributed to their correct destinations by HRA’s Shipping and Receiving Department;
 - b) **RADIOACTIVE MATERIALS:** Radioactive materials will be delivered directly to USC’s Laboratory Safety Office at the CHP Building, Room 148 at 1540 Alcazar Street, Los Angeles, CA 90033 – (323) 442-2200 voice / (323) 442-2201 fax;

Once items are received by the person who ordered them, that person must send an electronic copy of the packing slip to HRA’s Admin Accounts Payable to confirm delivery;

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10. **PICKUPS:** HRA does not provide individual pick-up services, but items may be shipped to HRA’s Marengo Street office (address is located within the header of this document). Items also may be placed in one of the drop boxes listed below:

DROP BOXES	
Location	Frequency
General Hospital - Room #1110	Daily M-F
General Lab - Rooms 2G2, 2G4 & 2G24	1 to 2 times weekly
IRB/IRD Building - Room #425	3 times weekly
Norris Cancer Center - Topping Tower Room #3400	Daily M-F
HCC #2 - Room #3000	Upon Request
Doheny Eye Hospital - Room #4601	Upon Request

RESPONSIBILITY

Accounts Payable Department
 Purchasing Department
 PIs and their Study Teams
 President & CEO
 Chief Financial Officer
 Finance Manager
 Staff Accountant