

Subject: OFFICE SUPPLY PETTY CASH		Issued By: FINANCE DEPARTMENT	
		Approved By: Kathleen R. Hurtado President & CEO	
Policy #: 402.3	Issue Date: June 1, 2008	Revised Date: June 4, 2008	Effective Date: June 4, 2008

Reference: Original Petty Cash/Office Supplies Policy dated 12-9-05, revised as of 4-21-08 and 4-1-2008; USC Fiscal Policies: 400 Series; updated per Finance Dept. and USC Expenditure Policies and Procedures dated 5/1/2008 located here: <http://policies.usc.edu/policies/expmanual050108.pdf>.

PURPOSE

The purpose of this policy is to establish guidelines concerning the establishment, use, and tracking of Office Supply Petty Cash accounts for any HRA-administered, clinical research projects. Payments for project-related office supplies and equipment are funded by the traditional HRA check requisition process (For more information on this process look here: <http://www.health-research.org/files/PurchasingProcedures.pdf>). Office Supply Petty Cash accounts available under the following conditions:

POLICY

1. **ONLY ONE OFFICE SUPPLY PETTY CASH ACCOUNT PER PI:** Only one Office Supply Petty Cash account may be established for each PI;
2. **FUNDS MUST COME FROM PIS RESIDUAL ACCOUNT:** Because an HRA Office Supply Petty Cash account is issued per PI, the cash is meant to cover supplies for all of a PI's active projects. As such, funding for Office Supply Petty Cash accounts must come from a PI's Residual Account;
3. **OBTAINING PETTY CASH ACCOUNTING SUPPLIES:** Each PI may request a petty cash box from HRA's Project AP Staff Member. A one-time \$25 charge for this cash box will be assessed to the PI's Residual Account. In addition, an Office Supply Petty Cash Disbursement Log and Office Supply Petty Cash Voucher forms may be downloaded in Excel spreadsheet format and used to track petty cash disbursements. The Excel files can be downloaded from here: ([Office Supply Petty Cash Voucher](#) & [Office Supply Petty Cash Disbursement Log](#)) and should be used in place of the previously available HRA Petty Cash Receipt Books. All receipts for items purchased must be retained and submitted to HRA;
4. **HRA CASH BOX MANDATORY:** It is mandatory that a locking cash box, ordered from HRA, be used to secure all Office Supply Petty Cash and segregate it from all other cash;

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5. **RESTRICTIONS ON OFFICE SUPPLY ACCOUNTS:** An Office Supply Petty Cash account is cash that is advanced to an HRA PI in the name of an individual who is an authorized HRA signer. The funds are intended to cover small-dollar purchases and expenses and must be kept in a locked cash box, segregated from all other cash. Office Supply Petty Cash funds only may be used to pay for miscellaneous office supplies necessary for day-to-day operations and may not exceed \$100 per payment. Any individual payment greater than \$100 will require the submission of a Purchase Requisition to HRA’s Project AP Staff Member;
6. **EXISTING PROJECTS WITH CURRENTLY COMINGLED PETTY CASH FUNDS ARE REQUIRED TO ESTABLISH A SECOND CASH ACCOUNT:** Projects underway prior to the effective date of this Policy & Procedure are now required to establish separate accounts – one for the Research Participant Compensation Fund and the other for Office Supply Petty Cash funds – as directed by HRA's Project AP Staff Member. Whenever HRA issues a new Office Supply Petty Cash box to a particular PI, a \$25 one-time, cash-box fee will be charged to the PI’s Residual Account;
7. **INITIAL FUNDING AND REPLENISHMENTS OF OFFICE SUPPLY PETTY CASH REQUIRE A CH DIRECT DEPOSIT:** Under no circumstances will a paper check be used for the initial funding, or the replenishment, of Office Supply Petty Cash accounts. For more on this matter refer to the “Procedure” section of this same policy and procedure;
8. **OFFICE SUPPLY PETTY CASH CANNOT BE SPENT ON THE FOLLOWING:**
 - a) Airline tickets;
 - b) Personal expenses even if those personal expenses are part business and part personal. NOTE: HRA’s Finance Dept. does not permit a “reduction in expense” in which an expense incurred is reduced by the an employee reimbursing HRA for personal expenses;
 - c) Payment to third parties for services rendered (e.g. Independent Contractor, caterer, photographer, etc.);
 - d) Research Participant Reimbursements;
9. **SPECIFIC DESCRIPTIONS REQUIRED:** The descriptions “Other” and/or “Miscellaneous,” as well as synonyms of these words, may not be used to describe an Office Supply Petty Cash payment;

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10. **AUDITING AND MISMANAGEMENT:** HRA has the right to and will periodically audit all Office Supply Petty Cash funds held by PIs. HRA also has the right to suspend petty cash “privileges” if it is determined that petty cash was mismanaged by any particular individual.

PROCEDURES

1. **OPENING BALANCE:** Office Supply Petty Cash accounts are generally opened for \$500 per PI, but may be opened for lower amounts. Higher amounts may be made available to a PI based upon their research-related activities and as authorized by HRA’s CFO or Finance Manager. HRA has the exclusive right to determine the appropriate petty cash amount based upon:
 - a) The expected cash required to provide for office supplies;
 - b) The appropriateness of any individual expense; as well as;
 - c) The average duration of the PI’s open projects/studies;

2. **A PETTY CASH ACKNOWLEDGEMENT FORM MUST BE COMPLETED:** Every time HRA advances funds for an Office Supply Petty Cash account, a Petty Cash Acknowledgement Form must be completed by the PI or their designee. There are two separate forms pertaining to this matter: one for the establishment of a new Office Supply Petty Cash account (located here: <http://www.health-research.org/files/PCAckInit.pdf>) and another for the replenishment of an existing Office Supply Petty Cash account (located here: <http://www.health-research.org/files/PCAckReplen.pdf>);

3. **REPLENISHING PETTY CASH FOR OFFICE SUPPLIES:** Once Office Supply Petty Cash funds have been depleted – or nearly depleted – a Purchase Requisition, a completed Office Supply Petty Cash Disbursement Log, the complete set of Office Supply Petty Cash Vouchers which appear on the disbursement log, plus all original receipts for items purchased (for more information on what is a valid receipt, please see HRA’s “Definition of Receipt Policy & Procedure” at <http://www.health-research.org/files/Receipt.pdf>) must be submitted to HRA’s Project AP Staff Member. Any other supporting documentation not previously mentioned also MUST be submitted to HRA prior to Office Supply Petty Cash replenishment. Office Supply Petty Cash funds only may be replenished via ACH direct deposit because these are more secure and efficient than paper checks. Under no circumstances will an Office Supply Petty Cash account be replenished by paper check. PIs or their Study Teams will be required to complete a Direct Deposit form (available from the Project AP Staff Member) so that such transfers may be made into their existing account. If the PI has no existing bank account for

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such purposes, HRA will pay for an account to be set up in the PI's name at the USC Credit Union. In all cases a Petty Cash Acknowledgement Form must be completed by the PI or their designee, confirming receipt of Office Supply Petty Cash funds. Such funds may not be comingled with any other cash. An Office Supply Petty Cash Voucher must be completed for each Office Supply Petty Cash disbursement and must be signed both by the person receiving the payment, as well as by the person disbursing the payment. The voucher must be completely filled out with no fields left blank;

4. **A USC DEPARTMENT OF PUBLIC SAFETY (DPS) REPORT REQUIRED FOR LOST OR STOLEN FUNDS:** The PI has sole responsibility for the physical security of all Office Supply Petty Cash funds, as well as for the accounting of these funds. In the event of loss, theft or mismanagement, the PI – not HRA – is responsible for reporting any theft to the USC DPS (business number = (323) 442-1200). Replenishment of an Office Supply Petty Cash account due to theft must be accompanied by a copy of the DPS report and approved by HRA's President and CEO;
5. **PI HAS SOLE RESPONSIBILITY FOR PHYSICAL SECURITY OF FUNDS:** The PI has sole fiduciary responsibility for Office Supply Petty Cash. Upon termination of employment or upon changing departments, the PI must either close or settle all Office Supply Petty Cash accounts. For appropriate financial control purposes, Office Supply Petty Cash accounts only will be established and disbursed in the name of a PI. However, PIs may delegate authority for processing Office Supply Petty Cash payments to a qualified employee such as the Research Coordinator or an administrative person. Independent Contractors are not authorized to handle cash under any circumstances. (*Refer to HRA's separate Independent Contractor Policy and Agreement located here: <http://www.health-research.org/files/Independent.pdf>*);
6. **RETURNING UNUSED FUNDS:** At the time that a project is completed – but before HRA closes the project account – any remaining Office Supply Petty Cash monies must be returned to HRA, in cash and in person, along with any outstanding vouchers. Voucher amounts plus any leftover cash must equal the balance on record with HRA;
7. **AGREEMENT SIGNING RESTRICTIONS:** Office Supply Petty Cash may never be used to purchase items or services subject to a written procurement agreement (such as a cell phone contract). All items with written procurement agreements must be ordered through HRA's Purchasing Department.



HEALTH RESEARCH ASSOCIATION

1640 Marengo Street – 7th Floor
Los Angeles, CA 90033

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RESPONSIBILITY

PIs & Study Teams

HRA Finance Department & HRA Project Accounting Department

HRA Project AP Staff Member

HRA's President & CEO