



HEALTH RESEARCH ASSOCIATION

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

POLICY & PROCEDURE

Subject: TITHE ACCOUNTS	Issued By: FINANCE DEPARTMENT
	Approved By: Kathleen R. Hurtado President & CEO

Policy #: 1040	Issue Date: October 3, 2003	Revised Date: September 27, 2006	Effective Date: October 1, 2006
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Reference:
Draft Tithe Memo – New Studies dated October 3, 2003; Tithing Brochure dated May 4, 2004.

PURPOSE

To clarify HRA’s policy regarding project tithing, as well as policies regarding Departmental or Division Tithe Accounts; and, to develop an internal, step-by-step description of how Tithe Accounts are created and administered by HRA Staff-Members.

BACKGROUND

A Tithe is assessed by HRA on a particular research project under the direction of Department Chair or Division Chief so that USC Departments/Divisions may share in the proceeds from industry-sponsored research. At the request of the Department Chair or Division Chief, HRA creates a Tithe Account for tithes assessed from PI projects of the respective Department or Division. These funds are generally used by Department Chairs or Division Chiefs for research and/or educational purposes.

POLICY

1. **TITHE RATE:** The Department Chair or Division Chief assigns a “Tithe Rate” to all projects being conducted within their Department/Division. The Tithe Rate remains in effect until changed by either the Department Chair or Division Chief. In general, the Tithe Rate varies between 5% and 10%. The Tithe is added into a project’s Overhead/Indirect Cost Rate, so care must be taken to ensure that HRA and USC retain a competitive total indirect cost rate when compared with other organizations that administer industry-sponsored clinical trials;
2. **TITHE ACCOUNT:** The Tithe is assessed at the same time that HRA charges its overhead, whenever a project pays an expense. The Tithe is transferred to the Tithe Account of the PI’s Department or Division. HRA does not charge overhead on Tithe Accounts;

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3. **TITHE ACCOUNTS – ALLOWABLE EXPENSES:** Tithe Account funds may be used at the discretion of the Department Chair, or the Division Chief, so long as expenses are for research and/or educational purposes. Expenses are monitored and committed by HRA’s Budget/Business Technician, in order to ensure proper approvals and proper business purpose. Checks are issued through the standard accounts payable process at HRA, and reviewed and approved by the Finance Department;

Allowable Expenses include, but are not limited to, the following:

- Society Meetings – registration and travel
- Postage
- Business Telephone
- Cell Phone and Pagers
- Office supplies
- Business Travel
- Professional License renewals
- Outside services such as laboratories
- Project Employee Salaries
- Employee Bonus (where appropriate)
- Mileage reimbursement for business travel
- Computer equipment
- Storage fees
- Clinical Conference Sponsorship
- Educational luncheons/dinners
- Staff Meetings and Retreats
- Parking
- Rent
- Shipping
- Start-up costs for new sponsored projects
- Continuing Medical Education
- Repairs for research related equipment



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Page 3 of 5

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Non-allowable expenses include, but are not limited to, personal expenses – e.g. spousal expenses, home expenses, non-business travel, gifts and/or gift certificates, personal loans, alcoholic beverages, personal phone expenses, and individual malpractice insurance.

All requests for payment from Tithe Accounts must be approved and signed by the Department Chair, or the Division Chief, or their Designee.

GUIDELINES & PROCEDURES

1. **NO PAYMENTS FROM TITHE ACCOUNT TO DEPARTMENT CHAIR OR DIVISION CHIEF:** Under no circumstances will Tithe funds be paid directly to a Department Chair or a Division Chief;
2. **WHERE TO ENTER TITHE RATES IN IRIS:** Initial Tithe rates are entered into the Project Information screens of the BC Module within the IRIS Accounting Database, by the OCA Contract Assistant. From the first screen in the BC Module, select menu option #1 entitled “Create or Modify Project.” Within this screen you can enter a new project number and its associated Tithe Rate, or you can query existing studies by project number, and then view and/or change existing Tithe Rates;
3. **CFO ULTIMATELY RESPONSIBLE:** HRA’s CFO is ultimately responsible for maintaining accurate Tithe Rate information by project within the IRIS Accounting Database by *reviewing all Tithe Rates with Departments/Divisions on an annual fiscal-year basis*. It is also the responsibility of the CFO to ensure that HRA’s Quality Assurance (QA) Department receives a quarterly list of all projects which are subject to Tithes and their associated Tithe Rates. In addition, HRA’s CFO must ensure that the Tithe Rate Excel spreadsheet, located in the following directory G:\users\Documentation\Policy and Procedure\HRA Final\Tithe Rates, is continually updated;
4. **TITHE RATES ARE DETERMINED BY THE DEPARTMENT CHAIR OR DIVISION CHIEF AND E-MAILED TO HRA’S CFO:** If a Department Chair or Division Chief wishes to change the Tithe Rate associated with their projects, outside of the annual review noted in #3 above, such a request must be e-mailed to HRA’s CFO at the following e-mail address:
dlee@health-research.org;



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5. **DEPARTMENT CHAIRS AND/OR DIVISION CHIEFS ARE RESPONSIBLE FOR COMMUNICATING WHICH PIS WITHIN THEIR DEPARTMENT/DIVISION ARE SUBJECT TO THE TITHE:** If a Department/Division Tithe will only be assessed on research conducted by certain PIs, it is the responsibility of the Department Chair or Division Chief to communicate this information to HRA in writing. Such notification should be sent to HRA’s CFO at the e-mail address shown above;
6. **DEVIATIONS TO THE TITHE MUST BE APPROVED BY THE CHAIR/CHIEF AS WELL AS HRA’S PRESIDENT & CEO:** With respect to bullet point #5 above, any deviation from a Department/Division Tithe (i.e., when only certain PIs within a Department/Division are subject to the Tithe) must be approved by both the Department Chair/Division Chief and HRA’s President & CEO;
7. **TITHES ARE TREATED IN THE SAME MANNER AS OVERHEAD, AND ARE ASSESSED ONLY WHEN THE PROJECT PAYS AN EXPENSE:** Whenever a project pays an expense, both Overhead and Tithe are automatically charged to the project by the IRIS financial database. For all such Tithes, the accounting entry is as follows, where “XXXXXX” = HRA project number:

Debit XXXXXX Project: 40890 Tithing Expense
Credit XXXXXX Tithe Account: 30130 HRA: Industry Sponsored
8. **OCA IS RESPONSIBLE FOR THE INITIAL TITHE RATE INPUT INTO IRIS:** The OCA Contract Assistant is responsible for inputting any initial Tithe Rate into the IRIS financial database. This should be done after contract negotiations are complete but before OCA hands the project over to the Finance Department for administration;
9. **HRA’S IT MANAGER IS RESPONSIBLE FOR IRIS TITHE CALCULATIONS:** HRA’s IT Manager is responsible for ensuring that IRIS is calculating the Tithes properly, based upon Tithe Rate information provided by HRA’s CFO;
10. **TITHE REPORTS WILL BE PROVIDED TO ALL CHAIRS/CHIEFS ON A QUARTERLY BASIS:** HRA’s CFO, or their Designee, will be responsible for providing accurate reports of all Tithes to the appropriate Department Chair or Division Chief on a quarterly basis;



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Page 5 of 5

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11. **PROJECT-CLOSE-OUT-TITHE-RELATED ACCOUNTING ENTRY WHEN THERE ARE RESIDUAL FUNDS:** If there are residual funds left over in a project that is subject to Tithes, a Tithe will be assessed on the residual funds prior to their transfer to a zero-percent Residual Account in the following manner:

Debit XXXXXX Project being closed: 40890 Tithing Expense
Credit XXXXXX Tithe Account: 30130 HRA: Industry-Sponsored

RESPONSIBILITY

CFO
Finance Manager
IT Manager
Budget/Business Technician
PI's and their staff
Department Chairs and/or Division Chiefs