

HARBOR-UCLA MEDICAL CENTER

SUBJECT: PETTY CASH POLICY

POLICY NO. 510

PURPOSE:

To establish procedures for ensuring that adequate internal controls exist for processing petty cash purchases. Controls are outlined in the Los Angeles County Fiscal Manual (CFM). These purchases must be compatible with the hospital’s mission and consistent with prudent business practices.

SCOPE:

The revolving (petty cash) fund is utilized to reimburse employees and vendors for pre-approved service and supply purchases that are required in emergencies and when the use of the Supply Chain Operations (SCO) procurement process is not possible.

PROCEDURE:

1. Any petty cash purchases made outside the official SCO procurement process, must be reviewed and pre-approved/authorized by SCO and the Hospital Chief Executive Officer (CEO), or designee, before the purchase is initiated. To initiate a petty cash request, the requestor must complete Section I of the Petty Cash form that is available on the Harbor intranet and submit the form to the Department Chair, Nursing Director or Assistant Hospital Administrator for approval. Upon approval, the form must be forwarded to SCO. SCO reviews the form and forwards it to the CEO or designee for approval. If approved, SCO will assign an authorization number for the purchase and return the form to the requestor.
2. Once the petty cash purchase is made, the requestor must attach an original receipt to the approved Petty Cash form and submit the form to SCO to confirm the purchase and sign the form. SCO will forward the form to Expenditure Management for issuance of a petty cash check. If the item can be purchased without utilizing petty cash, SCO will advise the employee of the proper procurement process (i.e., submitting a GHX request).

NOTE: Requests without pre-approval and authorization number will be denied.

Authorization on weekends and after 5:00 p.m. on weekdays will be made by the Administrator on Duty (AOD). Within 1-2 business days, the AOD must complete the Petty Cash Reimbursement form, sign the form, provide a justification and an explanation of the emergency, and submit the request to the AOD for signature and forwarding to SCO. SCO will review the request, consult with Hospital

EFFECTIVE DATE: 3/87

SUPERSEDES:

REVISED: 7/89, 9/92, 5/98, 2/02, 8/17, 10/17

REVIEWED: 9/89, 10/92, 2/96, 5/98, 2/02, 1/05, 8/17

APPROVED BY:

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Chief Nursing Officer

Signature(s) on File.

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Administration as necessary, and issue an authorization number retrospectively, as appropriate. All requests will be screened by SCO, prior to approval, for compliance with the following CFM guidelines for petty cash purchases.

- Item is "reimbursable" per CFM section 4.6.0.
- Purchase should not exceed \$100; however, in some instances the Hospital CEO, or designee, may approve expenditures up to \$1,000. Purchases must not be fragmented to remain within this limit.
- Item is not stocked in the Warehouse or cannot be acquired using existing purchase agreements, as confirmed by SCO.
- A true emergency exists i.e., patient care is impacted.
- Prepayment is required by the vendor or proposed purchase is \$25 or less.

Unless authorized under the CFM, or the ordering department is charged with the care of patients and the purchase would be of direct patient benefit, the following are not considered petty cash purchases: overnight express mail (e.g., Federal Express), clothing, capital assets, food, holiday decorations and meals. Purchases that do not meet the above criteria will be returned to Administration.

Upon receipt of the Petty Cash form, the SCO will confirm the above criteria has been met. If approved, SCO will sign the form with original receipt attached and forward the request to Expenditure Management for check issuance. If the item can be purchased without utilizing petty cash, SCO will advise the employee of the proper purchasing process (i.e., submitting a GHX request).

3. SCO will maintain a control log, which documents the pre-approval of all petty cash purchases.
4. Upon receipt of the Petty Cash form, the head of Cost Accounting Unit or Cost Accountant will review the form, stamp the invoice as "paid" and issue a petty cash check. The request will be forwarded to Finance Administration or Expenditure Management Administration for dual signature. Once the signatures are obtained, the requestor (payee) will be contacted by Expenditure Management Administration to arrange for pick-up of the check. A valid Los Angeles County identification badge or driver's license is required. The requestor is required to sign the Petty Cash form to acknowledge the check receipt. Authorized designees may pick up checks with approval from the requestor (payee). The request form/receipt will be forwarded to the General Accounting Unit who will then process a payment request through the County's eCAPS financial system to replenish the petty cash (revolving) fund via electronic fund transfer (EFT).
5. Upon receipt of the bank statement, the Financial Planning Unit will perform a monthly reconciliation of the petty cash checking account. The reconciliation is to be reviewed/approved by the Expenditure Manager and copies will be provided to Finance Administration, the Cost Accounting Unit, and the General Accounting Unit. The reconciliation will identify checks outstanding for 180 days that are subject to cancellation. Bank reconciliation documents will be retained for a minimum of five fiscal years.