



Rancho Los Amigos National Rehabilitation Center

ADMINISTRATIVE POLICY AND PROCEDURE

SUBJECT: PETTY CASH POLICY

Policy No.: A314.1
Supersedes: NEW
Revised:
Page: Page 1 of 3

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) section 4.6.0**. These purchases must be compatible with the hospital's mission and consistent with prudent business practice.

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. An emergency is defined as any situation that requires immediate action **AND** has a direct impact to patient care and employee/patient safety.

POLICY

Any petty cash purchases made outside the official SCO procurement process, must be reviewed and pre-approved/authorized by SCO and Finance Administration before any purchase is initiated. **Request without a pre-approval from SCO may be denied.** If the item can be purchased without utilizing petty cash, SCO will advise the requestor of the proper procurement process (i.e. submitting a GHX request).

Either a County warrant or Cashier's Office petty cash checks will be issued for petty cash requests. For employee reimbursements, a County warrant will be issued and mailed directly to the employee's home address. This will be processed by Fiscal Services and warrants will be issued by the Auditor-Controller. For vendor pre-payment, petty cash checks payable to the vendor will be processed and issued by the Cashier's Office.

Petty cash request must not exceed \$1,000.

The following restrictions apply to purchases using revolving funds:

- Revolving funds are not to be used to purchase items available on standing purchase orders unless absolutely necessary (e.g. agreement vendor is unable to reasonably meet an emergency need) and ISD/PCS approval is obtained.

EFFECTIVE DATE:

COUNTY OF LOS ANGELES • DEPARTMENT OF HEALTH SERVICES

APPROVED BY:

- Only those goods or services that are a legal County charge may be purchased. The items purchased must be compatible with the department's mission, consistent with prudent cost conscious business practices, and must not be an inappropriate use of public monies.

The following items cannot be purchased using revolving funds:

- a. Food, meals, holiday decorations, and clothing*
- b. Protective apparel unless authorized by the Chief Executive Officer/County Office of Emergency Management
- c. Capital Projects and Fixed/Capital assets
- d. Items available in the warehouse stock
- e. Office supplies, overnight or certified mail, and memberships

*Unless authorized by the Los Angeles County Code (i.e., Section 5.40.097) or the ordering department is charged with the care of patients, inmates or wards and the expenditures incurred would be for their direct benefit.

All employee reimbursement payment requests **MUST BE submitted within 30 calendar days from the SCO approval date.** Otherwise, employee reimbursements **WILL BE DENIED.**

PROCEDURE

1. Before completing the form, the requestor **MUST CALL** Supply Chain Operations (SCO) for pre-approval at extension **57266** to determine if the request meets the above hospital petty cash policy. SCO will review the request to ensure:
 - The item is "reimbursable" per the above policy.
 - Purchase does not exceed \$1,000. Purchases are not fragmented to keep within the \$1,000 limits.
 - 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 or employee/patient safety is impacted.
 - Prepayment is required by the vendor

If the item can be purchased without utilizing petty cash, SCO will advise the requestor of the proper procurement process (i.e. submitting a GHX request).

Request without a pre-approval from SCO may be denied.

***Note:** Authorization on non-business hours (weekends, holidays and after 5:00 p.m. on weekdays) will be made by the Administrator on Duty (AOD). Within 1-2 business days, the requestor 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 then forward to Finance and SCO. Finance and SCO will review the request and consult with Hospital guidelines for petty cash purchases.*

2. Upon pre-approval from SCO, the requestor must complete the **Requestor Section** of the Petty Cash Request form that is available on the Rancho intranet and submit the form and supporting documentation (i.e. invoice, quotes, photos) to the employee's supervisor/manager and department head for review and approval. **The requestor must identify on the form if the request is for employee reimbursement or vendor pre-payment.**
3. Upon approval by the department head, the form must be delivered to Finance Administration and SCO for review and approval. If approved, SCO will assign a control number for the purchase. SCO will maintain a control log, which documents the approval of all petty cash purchases.
4. For employee reimbursement, SCO keeps the original form and provides a copy back to the requestor to make the purchase. Once the petty cash purchase is made, the requestor must attach the original receipt to the copy of the approved Petty Cash request form and submit them to SCO to confirm the purchase. The form will be sent to Fiscal Services located at:
LAC-USC Medical Center
Expenditure Management - Trailer 8
1200 N. Mission Road
Los Angeles, CA 90033
(323) 409-2400
to process the reimbursement using a County warrant. The County warrant will be mailed directly to the employee's home address.

For vendor prepayment, SCO will forward the original form to the Cashier's Office to issue a check payable to the vendor. The check will be forwarded to Finance and/or Patient Access Center (PAC) unit to sign the checks and then PAC/Finance Admin staff contacts the employee to arrange pick-up of the check. A valid Los Angeles County identification badge or driver's license is required when picking up the check. An authorized designee may pick up the check with written approval/authorization from the requestor (payee). The requestor or authorized designee is required to sign the bottom section of the Petty Cash form to acknowledge receipt of payment.

REFERENCE: LOS ANGELES COUNTY FISCAL MANUAL (CFM) Section 4.6.0.

Revised: