

DHMH POLICY

<http://www.dhmh.state.md.us/policies/inpolm.htm>

FISCAL SERVICES ADMINISTRATION DHMH POLICY 02.02.06

Effective Date: January 29, 2004

POLICY ON MANAGEMENT OF DHMH FACILITY RESIDENTS' FUNDS

Short Title: Residents' Funds Policy

I. EXECUTIVE SUMMARY

Upon admission to a DHMH facility, residents may choose to have the facility manage their funds in accordance with established guidelines. Several statutes, the Comptroller's Accounting Procedures Manual, DHMH Policies, and each facility's own guidelines influence how residents' funds are managed. This policy lists the criteria for managing resident's funds and defines the roles and responsibilities of the facility CEOs and CFOs regarding this service. All funds received by facility employees shall be handled in accordance with the General Accounting Procedures outlined in the Comptroller's Accounting Procedures Manual.

II. BACKGROUND

DHMH Policy 02.02.06 supersedes and replaces DHMH 6.4-Policy on the Management of Patient/Client/Resident Funds, issued May 1979. This version places the policy in standard format and makes the document user-friendly by providing internet links to reference sites.

III. POLICY STATEMENTS

A. DEFINITIONS

1. The phrase "**the Chief Executive Officer**" shall mean the person in charge of a DHMH facility, and is the same as the CEO, the Superintendent, the Facility Director, or their designee.
2. The term "**Chief Financial Officer**" shall mean the person in charge of the facilities accounting office, and is the same as CFO, Fiscal Officer, Chief Fiscal Officer, Accountant, or their designee.
3. The term "**facility**" shall mean a Hospital, Center, or Institute operated by DHMH.
4. The term "**fiduciary**" shall mean: a person authorized to handle financial transactions on behalf of the resident, such as an individual with limited power of attorney for financial transactions; a financial agent; a representative payee;

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guardian of property; or parent of a minor. If the fiduciary is a facility employee, he/she must be licensed, such as a doctor, nurse or social worker.

5. The term "**resident**" shall mean a client or patient who resides in a facility.

B. CRITERIA FOR MANAGING RESIDENTS' FUNDS

1. Upon admission, the CFO shall inform residents of the terms as to how their funds will be managed. If residents wish to entrust their funds to the care of the facility, the CFO shall do the following:
 - a. Deposit residents funds in a State Treasurer approved bank account if the total amount of money that is entrusted to the facility by its residents exceeds an average of \$50.00 per resident. Said deposit shall be to the State's main depository, unless the State Treasurer has granted the facility an exception.
 - b. Request the Comptroller of the Treasury to return the funds of a resident in excess of \$300.00, which have been placed in the State's main depository, for deposit to an interest bearing account in the name of the resident.
 - c. Ensure that funds of each Deer's Head and Western Maryland Center resident in excess of \$50.00 are deposited to an interest bearing account.
 - d. Issue a pre-numbered receipt for all monies received.
 - e. Handle all funds received in accordance with standard accounting procedures as outlined in Section 3.2 - Cash Receipts, of the Comptroller's General Accounting Division Accounting Procedures Manual.
<http://compnet.comp.state.md.us/gad/pdf/APM0403.pdf>
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 - f. Account for all expenditures and withdrawals of residents funds, in accordance with standard accounting procedures as outlined in Section 3.1 - Cash Disbursements, of the Comptroller's General Accounting Division Accounting Procedures, if resident funds are deposited to the State's main depository. Working funds (petty cash and/or checking) are permitted and acceptable. (See DHHM Policy 02.02.05, Section II.C).
 - g. Allow a resident or fiduciary unrestricted access to information on his/her accounts during designated business hours.
 - h. Except for Deer's Head and Western Maryland Center, at least every six months, issue each resident for whom the facility handles funds a statement of all transactions since the previous statement. Deer's Head and

Western Maryland Center residents shall be issued a statement at least quarterly. All residents shall be issued a statement upon discharge.

- i. Ensure that procedures allow for the disbursement of available funds as requested by the resident unless therapeutically contraindicated by a licensed physician or psychologist in writing.

C. RESPONSIBILITIES OF THE FACILITY CEO

The CEO of the facility, with the assistance of the facility's CFO, shall establish necessary systems and procedures to implement and enforce this policy.

D. RESPONSIBILITIES OF THE FACILITY'S CFO

1. The CFO shall be responsible for maintaining the accuracy of all records and completing all required reports concerning residents' funds.
2. The CFO shall:
 - a. establish and maintain an individual account for each resident from whom and on whose behalf the facility receives funds. This individual account shall:
 - 1) be in the name of the resident;
 - 2) show the resident's social security number and/or a facility-assigned identification number;
 - 3) show the names of all known fiduciaries and beneficiaries ;
 - 4) reflect available funds in both the resident's interest and non-interest bearing accounts.
 - b. establish and maintain a control account that will agree with the total of all individual residents' accounts. Aggregate totals of daily deposits or withdrawals shall be shown on the control account.
 - c. establish written procedures which address:
 - 1) how a resident's designee or fiduciaries are identified and communicated to the finance office for posting to the resident's account;
 - 2) how residents or their fiduciaries may withdraw and deposit funds;
 - 3) how residents or their fiduciaries may authorize purchases and payment of invoices;
 - 4) other matters, such as, the hours that residents may deposit or withdraw funds, the handling of funds for those residents unable to withdraw or deposit funds, disclosure of residents account balances to authorized personnel, restrictions on the availability of deposited funds, etc.

- d. establish and maintain a system for receiving and safeguarding residents' funds in accordance with standard accounting procedures.
 - e. establish and maintain a separate working fund for resident funds. When resident funds have been deposited into the State's main depository, a working fund shall be established with funds requested in writing from the Comptroller of the Treasury. Refer to DHMH 02.02.05 Policy on the Administration of Funds Section II C–Working Funds.
<http://www.dhmh.state.md.us/policies/p020205.htm>
 - f. establish and maintain a system for the disbursement of residents funds in accordance with standard accounting procedures and DHMH 02.02.05 Policy on the Administration of Funds Section II B -Disbursement of Cash. <http://www.dhmh.state.md.us/policies/p020205.htm>
3. The CFO shall incorporate into the systems and procedures established for the facility, the following specifics regarding the posting of accounts:
- a. All funds shall be promptly deposited and posted within two (2) banking days to the individual resident's account and the control account.
 - b. Depending on the type of receipt (i.e., personal check) restrictions comparable to the banking industry's will be placed on the availability of funds;
 - c. All requests for disbursement of funds will be handled within three (3) banking days of receipt, provided funds are available;
 - d. All disbursements of a resident's funds are to be posted daily to the individual resident's account and the control account;
 - e. The interest earned on a resident's interest bearing account will be posted within five (5) banking days to the individual resident's account and the control account.
4. The CFO, in conjunction with the CEO, shall incorporate into the systems and procedures established for the facility, the following specifics regarding the reconciliation of accounts:
- a. The aggregate balance of the individual resident's fund accounts shall be reconciled to the control account monthly, and any differences immediately investigated and promptly resolved;
 - b. The aggregate balance of the individual resident's fund accounts shall be reconciled each month to the Comptroller of the Treasury's monthly financial report and any differences immediately investigated and promptly resolved.

5. The CFO, in conjunction with the CEO, shall incorporate into the systems and procedures established for the facility, the following specifics regarding the closing of residents accounts, and the surrendering of funds and valuables belonging to a resident.

a. Upon discharge, all readily available funds shall be surrendered to the individual or the individual's fiduciary. Any remaining balance will be forwarded to the individual or the individual's designee or fiduciary within three banking days;

b. Within 30 days of death or escape, all available funds and a final accounting shall be released to the personal representative of the resident or other legally entitled person as determined by the CFO;

c. One year after discharge, death or escape, any unclaimed resident's funds shall be considered abandoned in accordance with Title 17, Commercial Law Article of the Annotated Code of Maryland. At least 60 days before turning over funds to the Comptroller, the facility shall notify the Division of Reimbursements of the unclaimed funds.

http://mlis.state.md.us/cgi-win/web_statutes.exe?gcl&17-301

IV. REFERENCES

- Annotated Code of Maryland, State Finance and Procurement Article, Section 6-213.
http://mlis.state.md.us/cgi-win/web_statutes.exe?gsf&6-213
- Annotated Code of Maryland, Health-General Article, Sections 19-346, 16-303, 16-407.
http://mlis.state.md.us/cgi-win/web_statutes.exe?ghg&19-346
http://mlis.state.md.us/cgi-win/web_statutes.exe?ghg&16-303
http://mlis.state.md.us/cgi-win/web_statutes.exe?ghg&16-407
- Annotated Code of Maryland, Commercial Law Article, Title 17.
http://mlis.state.md.us/cgi-win/web_statutes.exe?gcl&17-101
- Accounting Procedures Manual, General Accounting Division, Comptroller of the Treasury.
<http://compnet.comp.state.md.us/gad/pdf/APM0403.pdf>

DHHM 02.02.05, Policy on the Administration of Funds.

<http://www.dhmm.state.md.us/policies/p020205.htm>

Approved:

/s/ Signature on File

NELSON J. SABATINI, SECRETARY

January 29, 2004
Effective Date

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DHHM 02.02.06 Management of Residents' Funds, is effective January 29, 2004.

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