

# State of Maryland Department of Health and Mental Hygiene

Parris N. Glendening, Governor - Martin P. Wasserman, M.D., J.D., Secretary



**POLICY NUMBER: DHMH 02.02.05**  
**Cross-Reference: Fiscal/Budget/Procurement**

**TITLE: POLICY ON THE ADMINISTRATION OF FUNDS**

**I. EXECUTIVE SUMMARY**

This policy is being promulgated to provide Departmental guidelines governing the administration of funds, as well as to outline the responsibilities relating to units of the Department of Health and Mental Hygiene with regards to this policy.

**II. POLICY STATEMENTS**

**A. GENERAL POLICY**

1. All funds received will be handled in accordance with standard accounting procedures as outlined in Appendix I of the Comptroller of the Treasury-General Accounting Division's Accounting Procedures Manual.
2. No official, employee, unit, etc., of the Department of Health and Mental Hygiene may open an account in a bank, building and loan association, or other similar depository; or acquire any securities without the written approval of the State Treasurer and the Comptroller of the Treasury. The request to open an account in a depository will be made on the Comptroller's form entitled "Request to Open Special Bank Account" (GAD X-1).
3. All fees, revenues, collections, and income of every kind received by any official, employee, unit, etc., of the Department of Health and Mental Hygiene for the State or the patients/clients/residents of the State shall be accounted for to the Comptroller and deposited into the Treasury of the State of Maryland, unless an exception has been granted.
4. All funds received will be deposited intact in an authorized depository, and to the account number assigned by the State Treasurer and Comptroller of the Treasury, unless an exception has been granted.

5. Prenumbered receipts will be issued for all monies received. The receipt(s) will show on its face the following minimum information: donor (anonymous is permissible); date; amount of funds received; nature of funds received (i.e., cash, check, etc.); beneficiary of funds received (general welfare of patient(s) and/or ward(s) is permissible); and signature of person receiving money.
6. The units of the Department of Health and Mental Hygiene, where applicable, will maintain control accounts, individual patient/client/resident accounts; and other needed accounts to properly manage each type of fund.
7. All funds donated to a unit, agency, etc., of the Department of Health and Mental Hygiene must be accepted by the Secretary or designee and, where appropriate, the Secretary of the Department of Budget and Management, and will be deposited into an authorized depository promptly. (See DHHM Policy, "Handling Grants/Gifts of Money and Grants/Gifts of Material or Equipment.")
8. All funds donated to a unit, agency, etc., of the Department of Health and Mental Hygiene and accepted by the Secretary and, where appropriate, the Secretary of the Department of Budget and Management for a specific purpose must be expended in accordance with the terms of the donor. However, if the funds are to be used for the renovations and/or improvements to areas, structures, etc., or for the purchase of equipment that requires renovations and/or improvements to areas, structures, etc., all the rules, regulations and laws promulgated by the control agencies and legislature of the State of Maryland shall be followed.
9. All purchases of equipment, renovations and/or improvements to areas, structures, etc., from non-budgeted funds not donated for a specific purpose must receive prior approval from the Secretary of Health and Mental Hygiene or his designee (facility director), and where appropriate, the Secretary of Department of Budget and Management.
10. Any funds or assets under the direction of, in the possession of, or under the control of, any personnel of the Department of Health and Mental Hygiene, shall be handled in accordance with Commercial Law Title 17 "Disposition of Abandoned Property" of the Annotated Code of Maryland, as applicable.
11. All records relating to the receipt and administration of funds shall be retained for a period of three full fiscal years or until audited by all regulatory agencies, whichever is longer.



## B. Disbursement of Cash

1. Disbursements will be made only upon presentation of a properly executed authorization form.
2. Individual superintendents, facility directors, or designees may make disbursements or authorized disbursements from the Welfare Fund for:
  - a. Use as spending money by the patients/clients/residents.
  - b. Purchase of goods and/or services for which funds were specifically donated.
  - c. Purchase of goods and/or services for the general welfare of their patients/clients/residents.
3. Individual superintendents, facility directors, health officers or program directors may establish reasonable limits on the amount of cash that may be withdrawn at any time. Such restrictions may be imposed due to the limited dollar amount available in the working fund.
4. Whenever possible and appropriate, disbursement of funds in payment of vendor invoices will be made on transmittals submitted to the Comptroller. Documentation for these transmittals must be maintained.
5. In all instances when disbursing funds, the rules, regulations and policies of the Department of Health and Mental Hygiene, the Comptroller of the Treasury, the Department of General Services, the Department of Budget and Management and the laws of the State of Maryland shall be followed.

## C. Working Funds

1. Working funds may be kept in either a checking account and/or a cash imprest fund. However, cash imprest funds should be held to a minimum consistent with efficient operation.
2. The units of the Department of Health and Mental Hygiene, where applicable, will establish and maintain separate working funds for patient's/client's/resident's funds, welfare funds, general funds, etc. Working funds will be established with funds advanced from the Comptroller of the Treasury by a letter of request.
3. Reimbursement of working funds will be made by transmittal. Reimbursement must be deposited intact to the working fund as received from the Comptroller of the Treasury.

4. Each transmittal issued for reimbursement of a working fund must be supported by valid documentation (cash register receipts for incidental type items are acceptable). This documentation must be kept intact and attached to the unit's copy of the transmittal list.
5. Periodic checks to verify the total of the imprest fund should be made by a person independent of the cash receipt and disbursement functions. Also, monthly reconciliations must be completed for all checking accounts, as well as a monthly composition of all funds advanced by the Comptroller of the Treasury.

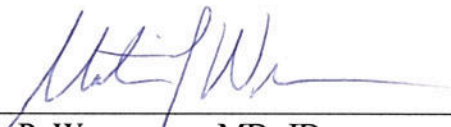
**III. RESPONSIBILITIES**

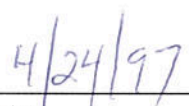
A. Responsibility of Unit

Facility Directors, Program Directors and Health Officers or designees, with the help of their chief fiscal officer, shall implement and enforce this policy. Systems and written procedures shall be established for the receipt of, disbursement of, return of and/or giving over to the care of the State of Maryland, if abandoned, all funds or assets. (Also see DHMH Policy, "The Management Of Patient/Client/Resident Funds").

**IV. REFERENCES**

- Appendix I - Comptroller of the Treasury - General Accounting Division's Accounting Procedures Manual
- DHMH Policy, "Handling Grants/Gifts of Money and Grants/Gifts of Material or Equipment"
- Commercial Law Title 17, "Disposition of Abandoned Property" of the Annotated Code of Maryland
- DHMH Policy, "The Management of Patient/Client/Resident Funds"

Approved:   
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Martin P. Wasserman, MD, JD  
Secretary

  
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Date