

DHHS POLICIES AND PROCEDURES

Section II:	Budget and Analysis
Title:	Cash Management Plan
Chapter:	Appendix
Current Effective Date:	8/1/02
Revision History:	8/1/02
Original Effective Date:	10/16/01

Request for Exception of Cash Management Plan Policy /Approval - Attachment 1

Department of Health and Human Services (DHHS) Cash Management Plan (CMP) Request for Exception of Cash Management Plan Policy/Approval <i>(A separate sheet is required for each exception)</i>

Division: _____ Section: _____ Institution: _____ Subject: _____

Current Policy/Procedure as stated in the DHHS CMP:

Requested Exception to Policy or Alternate Procedure:

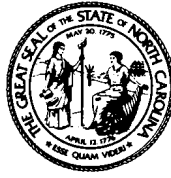
Justification for Exception to Policy or Procedure:

Requesting Division Director Signature _____	Date _____
Requesting Section Chief Signature _____	Date _____
DHHS Controller Signature _____	Date _____

Approved _____ **Denied** _____ **Repealed** _____
Approved Exception # _____
Comments/ Alternative Suggestion:

Nursing Facility Surety Bond Proceeds - Opinion of the Attorney General - Attachment 2

State of North Carolina
Department of Justice
P. O. Box 629
Raleigh
27602-0629



Michael F. Easley
Attorney General
Services

Reply To:
Medical Facilities

(919) 733-4512

--MEMORANDUM--

DATE: March 31, 1995

TO: C. Robin Britt, Sr.
Secretary
Department of Human Resources

FROM: Margaret DeLong Martin
Associate Attorney General

SUBJECT: Response to Request for Attorney
General Opinion Regarding Surety
Bonds Securing Personal Funds of
Nursing Facility Residents.

REQUESTED BY: Jack W. Jenkins
Director
Office of Legal Affairs

FACTS:

Federal regulations require that nursing facilities receiving Medicare or Medicaid "must purchase a surety bond or otherwise provide assurance satisfactory to the Secretary, to assure the security of all personal funds of residents deposited with the facility." 42 CFR 483.10 (c) (7).

Guidelines in a HCFA Transmittal dated September 29, 1994, state that state law controls whether the obligee is the resident, named individually or in the aggregate, or the State acting on behalf of the residents. The nursing facility cannot be named as the obligee.

Some nursing facilities' insurance agents reportedly have indicated a reluctance to designate residents, individually or in the aggregate, as obligee(s) on such surety bonds.

Memorandum of Agreement Between the Division of Facility Services and the Division of Medical Assistance Concerning Nursing Facility Surety Bonds Attachment 3

INTEROFFICE MEMORANDUM

Date: 06-Mar-1995 03:42pm EAS
From: Dick Perruzzi
Dept: OFFICE OF DIRECTOR
Tel No: 919-733-2060

TO: Lynda McDaniel

(PAPER MAIL)

CC: 8 ADDRESSEES

Subject: New NF Regulations

This memo outlines DMA's position on the issues which were discussed at the DMA/DFS meeting on the new NF regs.

1. Surety Bonds
We believe your agency should be the "State Fiscal Officer" to verify the existence and sufficiency of the facility's surety bond. This could be part of the licensure process.
2. Payments under Surety Bonds
DMA agrees to take responsibility for the state in the event a surety bond payment must be made. This would include working with the facility, issuer of the bond and the payees.
3. Deficiencies and Temporary Management
We believe this should be the responsibility of the DFS.
4. Process for Handling Penalty Payments
DMA agrees to be responsible.
5. HCFA/Penalty Conflicts.
Responsibility of DFS. No DMA involvement except consideration of the time it takes to remove patients if that is required.

6. Coordination of Above with DMA
Dennis Williams will be our contact and will work on the MOU changes necessary to accomplish the above. Dennis will also be our contact in discussions with DFS concerning the need for rules.

If you have any questions, please contact me.

Standard Procedure for Deposit of Funds Exempt From the Daily Deposit Act - Attachment 4

Funds received can be deposited on a weekly rather than daily basis as long as the total collections are less than \$250.

Immediate deposit is required at any time when as much as \$250 has been received.

Weekly deposits should be made Thursday in time to meet the bank's cut-off time. This will allow investment of these funds over the weekend and thus maximize interest income to the state.

Weekly deposits must always be made on Thursday even if the \$250 threshold has already been met on another weekday.

When a cut-off is established and a deposit is made, all funds on hand should be deposited in full.

DHHS Exemptions From the Daily Deposit Act – State Treasurer's Approval Letters - Attachment 5

These letters are on file in with the DHHS Office of the Controller.
You may obtain a copy: <mailto:Laketha.Miller@ncmail.net>

State Treasurer's Letter – Handling Checks Where State is a Joint Payee - Attachment 7

Department of State Treasurer
Investment and Banking Division

HARLAN E. BOYES
Treasurer

C. DOUGLAS CHAPPELL
Deputy Treasurer

July 11, 1994

Ms. Joyce H. Johnson, Controller
Department of Human Resources
Dorothea Dix Campus - Adams Building
Raleigh, NC
Courier # 56-20-00

Dear Joyce:

This is in response to your letter of July 7, 1994 to Treasurer Boyles concerning the endorsement of checks received by the Division of Medical Assistance where there are joint payees. We offer the following comments for your consideration.

- A check bearing joint payees, one of which is the State of North Carolina, does not necessarily represent "funds belonging to the State of North Carolina" as referenced by G.S. 147-77. The state may however have a claim against a portion of the funds, against the payor or the other payees.
- An instrument must be endorsed by all parties before it can be deposited (entered for collection) by any one of the payees.
- An endorsement may be considered a "blank endorsement" or a "special endorsement" (G.S. 25-3-204). A special endorsement is one which may be restrictive, such as "pay to the order of," and is generally recommended.
- In the case where the division has no financial interest in the settlement, no portion of the funds represented by the check belongs to the state. Therefore, depositing of the check with the state treasurer serves no useful purpose and should not be required.
- In the case where the division has a financial interest in the settlement, the state may be entitled to only a portion of the fund. Requiring the other payees to co-endorse the check, with the check being deposited with the state treasurer, places the state as the trustee of the funds. The office of state treasurer is not intended to be a trustee of funds not belonging to the state.

**Deferred Payment Agreement for DHHS Facility Patient/Guarantor -
Attachment 8**

MEMORANDUM OF AGREEMENT

This contract made and entered into this the insert day day of insert month, insert year, by and between insert guarantor name, payor(s) who is (are) insert relationship to patient of insert patient name, patient at insert facility name and insert name of reimbursement officer, Reimbursement Director of insert division, facility or school name, on behalf of the institution and the North Carolina Department of Health and Human Services (DHHS).

For good and valuable consideration and in consideration of mutual promises, it is hereby agreed as follows:

1. The payor(s) agrees to pay the sum of \$ insert amount per month for the support and maintenance of insert patient name as repayment for the bill which accrued at the institution which is evidenced by the certified statement of account hereto attached until said bill is fully paid, such deferred payments to be made each month on a regular and systematic basis.
2. The institution and NC DHHS hereby agrees to accept in full and final settlement of any claim against said payor(s) for support and maintenance for the duration of this agreement the sum of \$ insert amount per month for the duration of this contract. This shall not be deemed a compromise of any claim which the institution may have against the patient or others not party to this contract that are responsible for the patient's support.
3. Upon substantial change in financial condition of payor(s), either party may terminate this agreement upon written notice to the other, mailed to the last known address. Upon such termination, a new agreement with increased or decreased payments may be made.
4. In event of default in payment by payor(s), the full amount that was due before compromise, if any, as evidenced by the attached certified statement of account less payments made under this agreement shall become due immediately and the institution shall make demand for payment.
5. This contract is based on certain representations of the payor(s) regarding financial ability as follows:

Real Property

No. of Acres _____ Tax Value County _____ Actual Value _____

Personal Property

Stocks and Bonds _____ Checking and Savings Accounts _____ Total
Family Gross Monthly Income _____

Government Benefits

Monthly Social Security _____ Monthly VA _____ Other _____
Number of Dependents on Above Income and Assets _____
Mortgages or Other Obligations: List Monthly Payments _____

The term "change in financial condition" as used in **Section 3** shall mean change in one or more of the above factors.

If any of the above representations as to financial conditions are materially false, this contract shall be void and of no effect from its inception.

WITNESS our hands and seals.

(SEAL)
Address

(SEAL)
Address

Signature **(SEAL)**
Director of Reimbursement

Signature **(SEAL)**
Patient/Relative

Sworn to and subscribed before me this the ____ day of _____ (YY)_____

Signature of Notary

Notary Public

My Commission Expires: _____

DHHS Facility - Ability to Pay Agreement - Attachment 9

MEMORANDUM OF AGREEMENT

Client Name _____

Account Number _____

I understand that the daily charge of which I have been notified is an adjusted rate based upon my ability to pay, and I agree to pay \$_____ per day for services rendered by the NC DHHS Division of _____. This charge is in addition to any funds received by _____ as payee for _____ from _____:

I further agree to promptly notify the institution of any change in my financial status. Upon receipt and verification of any change in financial condition of client and/or responsible party, the NC DHHS is empowered to increase or decrease the rate to be charged based upon the provisional rate schedule. If the responsible party defaults in the payment of a compromise account or any installment, then it is required that the full actual cost of care shall be assessed and payable. This agreement is executed in accordance with General Statute 143-118.

Signed _____ **Date** _____
Responsible Party
Relation to Client _____

Facility: _____
Signed: _____ **Date** _____
Patient Relations Representative
Supervisor

DHHS Facility - Procedure for Determining Patient's Ability to Pay - Attachment 10

PROCEDURE:

ABILITY TO PAY, ADMISSION / READMISSION NON-HEARTS REIMBURSEMENT OFFICES

POLICY REMINDER:

An ability to pay (ATP) computation must be completed on every patient not covered by Medicaid. The ATP worksheet will be updated, a new ATP rate calculated, and a new agreement to pay processed when a client or responsible party's financial status changes.

The reimbursement patient relations supervisor will sign (approve) all "rates to charge" as determined by the reimbursement patient relations representatives (RPRR), including "full charge" and "no charge".

PURPOSE:

This procedure is written to uphold provisions set forth in NC General Statutes 143-117.1 and 143-118 and to provide an outline and tool for the documentation of ATP data:

1. The following steps are to be followed to determine the client's and /or responsible party's ATP rate.
2. The RPRR will conduct an initial financial interview within two (2) working days of the client's admission with the client and / or responsible person. The RPRR will receive a copy of the identification / face-sheet from the Facility Admissions Office which contains basic information about the admission.

The RPRR should complete the ATP worksheet (see attachment) by documenting data on the worksheet as follows:

1. Client's Name: Enter exactly as on hospital records.
2. Case Number: Hospital number as indicated on the face-sheet.

ANNUAL GROSS INCOME:

Enter a description of the source of earned income (i.e. waiter, construction worker, office manager, interest from savings account, etc.) and the total annual income (before taxes). DO NOT include "fixed monthly incomes" such as Social Security, Veterans Administration, etc. Indicate the total amount of all taxable incomes on the "total annual gross income" line.

HOMESTEAD: Enter the description (i.e. house and lot) of the primary residence of the client and/or responsible party and enter the current tax value of the property. This information should be obtained (by telephone or letter) from the county tax supervisor's office in the county where the property is located.

Enter a “homestead allowance” of \$30,000; subtract it from the tax value of the residence; and enter the difference on the “net” line. Multiply the “net” by 10% and enter this figure on the 10% line.

OTHER ASSETS: Enter a description of other assets (i.e. stocks, bonds, savings, other real property, money market accounts, certificates of deposit, etc.) on the description line and the value of the asset on the “amount” line. Add the Amount column of the “other assets” and enter the total on the “total other assets” line. Multiply the total by 10% and enter the result on the 10% line.

SUB-TOTAL ITEMS 1, 2 and 3: Add the totals of items 1, 2, and 3 and enter the result on the line provided for item 4.

EXPENSES:

Dependents - Enter the number of dependents (do not include client and spouse) in the first blank line under the word dependents, multiply by the federal allowance (see attached federal tax tables for “dependents”), and enter the total on line (a).

Standard Deduction - Select the appropriate standard deduction from the federal tax tables and enter the figure on line (b).

Other Expenses - These should be individually described and subtotal figures (annual amounts) should be listed accordingly on the line provided. The “total other expenses” is a total of the individual “other expenses” and this figure should be entered on line (c). “Other expenses” could include, but not be limited to, medical expenses, life insurance premiums, dental (non-cosmetic) expenses, child support payments, government pay backs, etc.

TOTAL EXPENSES: Add the figures from lines (a), (b), and (c) in item 5 and enter this figure on the designated line.

TOTAL ANNUAL ADJUSTED INCOME: Subtract Line 6 (**TOTAL EXPENSES**) from line 4 (**SUB-TOTAL ITEMS 1, 2, 3**) and enter the result on the line provided for “total annual adjusted income” (Line 7).

FIXED INCOME: Describe the type of fixed income (i.e. Social Security, VA, RR, etc.) the name of the responsible party (representative payee), the total amount of the monthly check, the amount that will be deposited monthly to the client's personal fund account, and the remaining balance of the monthly check. Divide the “balance” by 30 and enter the result on the line entitled “rate”.

NOTES: Client rehabilitation or on-campus wages should not be included as an income source.

If the facility is the representative payee of the fixed monthly income, do not include this “rate” in the overall ATP rate.

Sixty percent (60%) of the fixed monthly income is a guideline for the amount to enter in the “balance” column but the RPRR may increase or decrease the rate based upon the client’s financial situation, obligations, and / or anticipated length of stay.

PROVISIONAL RATE: Add the “rate” figures in lines 8 and 9 and round to the nearest dollar.

RATE TO CHARGE: This represents the amount that will be charged to the guarantor. If the RPRR decides to adjust the “rate to charge”, the RPRR must document the reason in the “comments” section of the worksheet and the reimbursement patient relations supervisor must sign (approve) the change from the “Provisional Rate”. This figure should also be rounded to the nearest dollar.

When the RPRR has determined an ATP rate, the **MEMORANDUM OF AGREEMENT (Attachment 9)** should be completed, explained to the client and/or responsible party, signature and date of the client or responsible party obtained, and presented to the reimbursement patient relations supervisor for review and signature (approval). ATP worksheets and memorandums of agreements must be signed and dated by the patient relations supervisor.

The originals of the signed memorandum of agreement and ATP worksheets should be retained in the reimbursement department files. A copy of the signed memorandum of agreement should be given to the client or responsible party.

If the client or responsible party refuses to sign the memorandum of agreement, the full daily rate should be charged.

Adjustments to client’s “patient account” are the responsibility of the RPRR’s. All ATP’s, ATP changes, etc. should be communicated in writing to personnel responsible for posting charges and adjustments in order to create correct patient account balances and statements.

Annual ATP Reviews should be conducted for all ATP clients that have been hospitalized for at least one (1) year. ATP rates should be adjusted according to the current financial situation of the clients, and the facility Reimbursement Patient Relations Supervisor is responsible for having a system in place that guarantees annual reviews and updates of ATP rates on all “long term” clients.

Important reminder: ATP charges to parents of clients that are minors (under 18 years of age) should be reduced by 50% for the first 120 calendar days after admission and should not exceed the “reduced set rate” after 120 calendar days.

Ability To Pay Worksheet

Client Name _____

Case Number _____

ANNUAL GROSS INCOME:

Description	Amount
_____	_____
_____	_____
_____	_____
Total Annual Gross Income	_____

HOMESTEAD:

Description	Amount
_____	_____
_____	_____
_____	_____
Less Homestead Allowances	_____
Net _____ x 10 % _____	

OTHER ASSETS:

Description	Amount
_____	_____
_____	_____
_____	_____
_____ Total Other Assets	_____ X 10%

SUB-TOTAL ITEMS 1, 2 and 3

EXPENSES:

Dependents: (includes blind, or aged 65 and over)

No. _____ x Allowance _____ (a) _____
(b) _____

Standard Deduction:

Other Expenses:

Description	Amount
_____	_____
_____	_____
_____	_____

Total Other Expenses _____ (c) _____

Note: Actual printout may differ from what is seen here

Sample Collection Letters - Attachment 11

Example Of Collection Letter For An Account That Is 1-30 Days Past Due:

Insert Date

Insert Debtor's Name

Street Address

City, State, Zip Code

Re: Account # _____

Dear _____:

The North Carolina General Assembly has defined in law (G.S. 147-86.23) that interest and penalties shall be charged on all past due accounts receivable from the due date until the date payment is made. This law requires state agencies to assess interest charges at a rate set by the North Carolina Department of Revenue and impose a 10% penalty on all accounts owed. The attached invoice from the North Carolina Department of Health and Human Services, Division of _____ indicates as of _____ your account, number _____, has a balance of \$ _____ that is now past due.

Please pay the full balance of your account now. If you fail to remit the full amount within 30 days from the date of this notice, we will assess a 10% penalty on the principal owed to the state. In addition, we will assess interest on your account of 8% per year, or .67% monthly, until your account is paid in full. Further, the Office of State Controller's Accounts Receivable policy requires the department to refer accounts 90 days past due to a collection agency having 90 days of the date of this transmittal, we will forward your account to a collection agency for processing.

If you have any questions regarding the above, please call _____ in the accounts receivable section, at (919) _____.

Sincerely,

Name of Collector
DHHS Controller's Office

Example Collection Letter For An Account That Is 31 Days Past Due:

Insert Date

Insert Vendor's Name
Street Address
City, State, Zip Code

Re: Account # _____ -

Dear _____:

The North Carolina General Assembly has defined in law (G.S. 147-86.23). That interest and penalties shall be charged on all past due accounts receivable from the due date until the date payment is made. This law requires state agencies to assess interest charges at a rate set by the North Carolina Department of Revenue on all accounts owed. Records of the North Carolina Department of Health and Human Services, Division of _____ indicate as of _____ your account, number _____, with a balance of \$ _____ **is 31 days past due.** This amount includes the principal, interest for one month and a 10% penalty on the principal.

Please pay the full balance of your account now. If you fail to remit the full amount within this 30-day period, we will continue to assess interest on your account at the rate of 8% per year, or .67% monthly, until your account is paid in full. Additionally, the Office of State Controller's Accounts Receivable policy requires the department to refer accounts 90 days past due to a collection agency having a contract with the Attorney General's Office for processing.

If you have any questions regarding the above, please call the accounts receivable clerk, Division of _____, at (919)_____.

Sincerely,

Name of Collector
DHHS Controller's Office

Example Collection Letter For An Account That Is 61 Days Past Due:

Insert Date

Insert Debtor's Name
Street Address
City, State, Zip Code

Re: Account # _____ -

Dear _____:

The North Carolina General Assembly has defined in law (G.S. 147-86.23) that interest and penalties shall be charged on all past due accounts receivable from the due date until the date payment is made. This law requires state agencies to assess interest charges at the rate set by the North Carolina Department of Revenue on all accounts owed. Records of the North Carolina Department of Health and Human Services, Division of _____ indicate as of _____ your account, number _____, with a balance of \$ _____ **is 61 days past due. This amount includes the principal, interest for two months and a 10% penalty on the principal.**

Please pay the full balance of your account. If you fail to remit the full amount due, we will continue to assess interest on your account at the rate of 8% per year, or .67% monthly, until your account is paid in full. Additionally, the North Carolina Office of State Controller's Accounts Receivable policy requires the department to refer accounts 90 days past due to a collection agency having a contract with the Attorney General's Office for processing. **This letter is to notify you that unless your account is paid prior to _____, your account will be turned over to a collection agency for action.**

If you have any questions regarding the above, please call the accounts receivables clerk, Division of _____, at (919) _____

Sincerely,

Insert Name of Collector
DHHS Controller's Office

Example Collection Letter For An Account That Is 91 Days Past Due:

Insert Date

Insert Debtor's Name
Street Address
City, State, Zip Code

Re: Account # _____ -

Dear _____:

The North Carolina General Assembly has defined in law (G.S. 147-86.23) that interest and penalties shall be charged on all past due accounts receivable from the due date until the date payment is made. This law requires state agencies to assess interest charges at the rate set by the North Carolina Department of Revenue on all accounts owed. Records of the North Carolina Department of Health and Human Services, Division of _____ indicate as of _____ your account, number _____, with a balance of \$ _____ is **91 days past due**. This amount includes the principal, interest for two months and a 10% penalty on the principal.

Please pay the full balance of your account immediately. If you fail to remit the full amount due, we will continue to assess interest on your account at the rate of 8% per year, or .67% monthly, until your account is paid in full. Additionally, the Office of State Controller's Accounts Receivable Policy requires the department to refer accounts 90 days past due to a collection agency having a contract with the Attorney General's Office for processing. **Because your account is more than 90 days past due, this letter is to notify you that we have forwarded your account to a collection agency.**

If you have any questions regarding the above, please call the accounts receivables clerk, Division of _____, at (919) _____

Sincerely,

Insert Name of Collector
DHHS Controller's Office

Example Institution Personal Funds Policy - Attachment 13

Policy

To provide uniform procedures for the handling of patients' personal funds, belongings, and financial records clearance.

Implementation

General

1. Dorothea Dix Hospital has an Institutional Fund for maintaining patients' personal funds during their stay at the hospital. A control account is maintained by patients' accounts and subsidiary ledger accounts for individual patients are reconciled to the control account at least daily.
2. All employees authorized to handle patients' money are bonded by the state.
3. Admissions and screening personnel, unit personnel, patients' accounts, and the cashier's office are responsible for administering the deposits and withdrawals of patients' funds to their individual accounts. However, no hospital employee may withdraw funds from a patient's personal account without the patient's authorization except in the case of a special withdrawal (see Section VIII).
4. Funds deposited by patients' personal checks are to be held until they have cleared the bank (approximately 10 working days and out-of-state checks 15 days).
5. Written permission from the patient or legal guardian must be obtained before funds may be sent home to families or other parties.
6. For proper identification it is necessary to have the patient's I.D. number on all personal funds and belongings deposited to and withdrawn from the cashier's office, patients' accounts or unit locked storage.
7. All personal funds and belongings for visiting patients to the medical/surgical unit are to be handled in the same manner as those prescribed for Dorothea Dix Hospital psychiatric patients.
8. Any time a member of the hospital staff receives money from a patient, relative, or friend for deposit to the patient's personal account, a pre-numbered receipt shall be issued to the individual "tendering" the funds (Exhibit A). All funds receipted will be placed in the unit cash box and/or deposited with the cashier's office, with the exception of pre-trial evaluation where money can be given directly to the patient. Unless the employee receiving the patient funds is the custodian of the cash box, the

receipt blanks “to cash box” and “cashier’s office” should be left blank for completion by the custodian on their next working shift to assure that the funds are deposited and accounted for correctly.

9. A highly visible sign shall be posted in admissions and screening and on each unit informing persons leaving funds that a pre-numbered receipt shall be issued signifying receipt of the moneys by a designated employee of this institution.
10. Funds shall not be held on the unit in an amount greater than the amount to be issued to the patient before the next specified withdrawal period. Before requesting the next period's withdrawal for a patient, a review of funds on hand shall be made to determine that an excess of funds is not building up on the unit. All requests for withdrawal shall be in accordance with the treatment team's recommendations. To assure compliance, the initiating staff and the registered nurse (RN) in charge shall co-sign the patient money withdrawal request. Any excess funds, or funds held for a discharged patient or a patient on leave, shall be returned to the cashier's office and credited to the patient's personal account.
11. The cashier's office is responsible for maintaining proper records (logs with signature of receiving person) of pre-numbered withdrawal requests and receipt books issued to the unit.
12. A periodic audit of the “unit cash box” is to be performed by the patients' accounts representative to insure proper accountability and compliance with regard to these guidelines for patient's personal accounts.
13. All cash funds shall be carried to the cashier's office and in no circumstances sent through the inter-office mail service.
14. Two (2) training sessions will be held at least annually or more frequently if needed, for all nursing personnel managing patients’ funds and possessions. The training will be conducted by the budget officer, the patients’ accounts representative and with assistance from the director of nursing and an administrative assistant. The training will involve discussion of this policy, II P-6 (patients’ personal funds and financial records), policy II P-6-2 (after hour deposits) and policy II C-1 (patients’ personal clothing and possessions).

Admissions and Internal Transfers

The personal belongings record (available in office supply) will be utilized as the official receipt for admissions and transfers of patients between units (see APM II; C-1 "patients' personal clothing and possessions").

Cashier's Office Receipts

1. Funds may be deposited in the cashier's office for patients' personal accounts Monday through Friday during the following hours: 8:30 – 11:30; 1:00 – 3:45.
2. A pre-numbered receipt shall be issued by the cashier for each patient's deposit with the following distribution of the four-part pre-numbered receipt:
 - Original copy of receipt to person depositing funds.
 - First carbon copy to patients' accounts for verification of posting to the patient's personal account. First carbon copy is received in patients' accounts on the day following the actual receipt of funds at the cashier's office. To ensure that funds are posted to the patients' personal funds accounting system in a timely manner, all deposits of personal funds are communicated immediately from the cashier's office to patients' accounts. As a result, receipts are posted on the day that they actually occur.
 - Second carbon copy retained in cashier's office in numerical sequence.
 - Third carbon copy to custodian of unit cash box.

Unit Receipts

1. Funds may be received on the unit on weekends or at times when the cashier's office is not open and the cash box custodian is not on duty.
 - The screening and admissions staff or a designated unit employee will issue a pre-numbered receipt to the individual tendering the funds (Exhibit A). Distribution of the pre-numbered receipts will be as follows:
 - a. Original copy of receipt given to person tendering the funds.
 - b. First carbon copy of receipt, along with the funds, shall be deposited with the cashier's office. Cashier's office will file these in numerical sequence.
 - c. Second carbon copy of receipt shall be retained on the unit in its receipt book. The receipt received from the cashier's office for deposit shall be attached to this copy as evidence that the funds were actually deposited.
 - In all units except pre-trial evaluation, all funds receipted shall be placed in cash box and/or deposited to cashier's office (see APM II. P-6-2 for after hour deposits to the cashier's office). Funds receipted in pre-trial evaluation may be given directly to the patient, but must first be posted to the unit money record sheet. The unit money record sheet must be maintained with all receipts and withdrawals at all times for the protection of both the patient and the hospital.

Patients and or two (2) staff (one (1) being the nurse in charge) must sign the unit money record sheet when disbursing funds to patients in this manner.

- At the request of family, or at the discretion of unit personnel, funds may be deposited to the cash box utilizing the unit money record sheet, but not in excess of the patient's weekly requirements. Funds in excess of the patient's weekly allowance shall be deposited with the cashier's office. A pre-numbered receipt shall be issued reflecting the total amount received, the amount deposited to the cash box and the net amount for deposit to the patient's personal account if applicable.

EXAMPLE: Family visits patient on weekend and leaves \$25 for the patient. Patient has \$5 at the time but will need an additional \$5 before next weekly withdrawal. Pre-numbered receipt will be issued to the family showing \$25 as total amount received. The cash box custodian will complete the transaction on the next working shift by indicating on the receipt \$5 deposited to the cash box with the remaining \$20 listed as a net deposit to the credit of the patient's personal account. In order to complete the transaction and for the protection of the employee and the institution, a unit money record sheet (Exhibit B) shall be completed to indicate receipt of these funds by the patient signing his name or two (2) staff (one (1) being the nurse in charge).

- All receipts shall be issued and maintained in numerical sequence.
 - Should it be necessary to void a receipt, it shall be so marked retaining all copies in the book and in the same numerical order.
2. Funds may be received through the mail for deposit to a patient's personal account. These receipts should be handled in the same manner as outlined in Section IV. A, with the following additional instructions:
 - Original copy of receipt to be discarded.
 - Under explanation write: "received by mail".
 3. Administrative assistants or their designee, being someone independent of the cash receipts process, shall on a periodic basis perpetually reconcile/trace the pre-numbered receipts to the cashier's office records and to the unit money record sheet maintained in the "cash box". This will assure that all receipts have been appropriately recorded in the patients' accounting records.

Cash Box Custodians

1. In situations where it is necessary for funds to be held on the unit and issued on a daily basis to the patient, a designated employee and alternate shall be assigned responsibility for these funds.

2. There shall be two (2) keys to the ward cash box: one key for the custodian and the other key in possession of the unit nurse manager or administrative assistant for emergency access.
3. Written notification shall be given to the patient's accounts representative as to who has the second key.
4. No other funds may be held in the cash box with patients' personal funds (i.e. postage or staff personal funds).
5. When there is a change from custodian to alternate, there will be a count of funds, reconciling the money with the unit money record sheets.
 - A signature record sheet shall be used to indicate transfer of funds between custodians.
 - An appropriate entry shall be made on the signature record sheet to show the actual cash count and the fact that it agrees with the sum total of all balances on the unit money record sheets.
 - This procedure will also be followed if custody is transferred between work shifts.
6. The unit nurse manager or administrative assistant may appoint a temporary custodian in the event of an unplanned absence of both the regular custodian and alternate.
 - When a temporary custodian is appointed, the unit nurse manager or administrative assistant shall open the unit cash box and have the funds counted and checked with the unit money record sheets as described above for changes between custodians.
 - An appropriate entry shall be made in the signature record book to show the actual cash count and the fact that it agrees with the sum total of all balances on the unit money record sheets. This entry shall be signed by both the temporary custodian and unit nurse manager or administrative assistant.
 - After verification is completed, the unit nurse manager or administrative assistant shall turn his/her key over to the temporary custodian until funds are transferred back to the normal custodian.
7. Any difference between the actual cash count from the cash box and the sum total of all balances on the unit money record sheets should be documented and brought to the attention of the administrative assistant. If these funds cannot be reconciled, this discrepancy should be called to the attention of the patient accounts representative for audit.
8. The general policy is that unit staff shall issue money to patients only during Monday-Friday from 8:00 – 5:00. Units may vary this based upon their specific requirements. It is also recommended that a specific time be designated for issuing funds to patients

when possible to conserve time and effort.

Unit Cash Box and Unit Money Record Sheet

1. The unit money record sheet (Exhibit B) is to be used in all situations where funds are received or disbursed from the unit cash box.
2. These funds must be placed in the locked unit cash box which is stored in a locked space.
3. The sum total of all balances on the patient's unit money record sheets are to agree with the total cash in the unit cash box at all times.
4. Receipt of Funds:
 - Record date received.
 - Record receipt number from patient's withdrawal form or number from unit receipt based on source of funds.
 - Record amount received.
 - Update balance of funds.
 - No signature is required for recording receipts to this form since one was obtained previously in the actual receipting process.
5. Withdrawal of Funds:
 - Record date withdrawn.
 - Record amount withdrawn.
 - Update balance of funds.
 - Patients who are capable of signing their names are to indicate receipt of funds by signing on the same line adjacent to the amount withdrawn in the space provided. If the patient is unable to sign his name, then two (2) employees (one (1) being the RN in charge) shall sign to indicate that the patient actually received the funds. Printed staff names are not acceptable.
 - Purchases made for patients by staff members must be itemized (i.e., coke \$0.60; candy \$0.45; nabs \$0.45, etc.)
6. The unit money record sheets are permanent records and shall be retained by the unit for seven (7) years.
7. When patients are transferred from one unit to another, the transferring staff will co-sign the unit money record sheet with the receiving staff at the time of the transfer of funds. The existing unit money record sheet will be retained by the transferring unit and a new unit money record sheet will be established on the receiving unit.

8. The unit money record sheets are available from office supply in the main warehouse.
9. Each unit shall, at the end of each month, report in writing to patients' accounts no later than the third day of the following month the following:
 - The total balance of unit money record sheets;
 - The cash balance held in the unit cash box; and
 - The difference between 1 and 2 above if any.
10. This report shall be signed by the cash box custodian and co-signed by the unit nurse manager or administrative assistant. Patients' accounts shall investigate any differences and report to the hospital business manager the results of the investigation.
11. If an overage occurs in the reconciliation of patients' personal funds, these funds should be escheated if the owner is not identified within five (5) years from the date the overage is identified. Any cash shortages should be replaced by a budgeted transfer from the general fund.

Weekly Withdrawals

1. The weekly allowance shall be used to enable the patient to have spending money for snacks, cigarettes, drinks, etc. Normally, the weekly allowance shall be used only for purchases that can be made on the hospital grounds.
2. A designated unit employee will be responsible for initiating a pre-numbered request form for withdrawal of funds from a patient's personal account (Exhibit C). All amounts entered on this request form shall be written in dollars and cents (i.e. \$10, rather than \$10). This request shall be co-signed by the unit nurse manager in order to assure that withdrawals are in accordance with treatment team recommendations.
3. The maximum amount that a patient may have on the unit shall be established by each program. Withdrawals may not exceed this established amount in any particular one-week without special authorization as provided in section VIII. Division nurse managers or administrative assistants are responsible for informing patients' accounts of the maximum amount established for the program. If it is determined by the program that the amount of the weekly allowance is insufficient for that particular program, the weekly allowance amount may be changed. Patients' accounts must be notified of this change.
4. A weekly listing of all patients' personal fund balances from the patient personal funds accounting system is sent to all units to assist unit staff in determining the available funds for each patient. This listing should be utilized by unit staff to determine balance information. Designated unit staff must assure all withdrawals are listed weekly.

5. Distribution of the pre-numbered withdrawal requests will be as follows:
 - Original, first and second copies of withdrawal requests are submitted to the patients' accounts to determine that sufficient funds are on deposit in patients' personal accounts to cover the withdrawal request. Should there not be sufficient funds, a single line shall be marked through the requested amount, and the amount available for withdrawal is to be put on the same line above the amount marked through, and the person making the change shall put their initials in the column "changed by" opposite the changed amount.
 - Third carbon copy of withdrawal request is maintained on the unit. This copy should be used for reference purposes if there are questions on the unit about withdrawal amounts and/or dates, thereby reducing the need to contact patients' accounts with such questions.
6. The original and first carbon copies of the withdrawal request are submitted to the cashier's office after having been verified and signed by patients' accounts. The second carbon copy of the withdrawal request is maintained by patients' accounts for balancing purposes.
7. At the end of the day the patients' accounts and the cashier's office reconcile the sum total of all patient's withdrawals and the budget office prepares a check in this amount and exchanges it with the cashier's office to reimburse the imprest cash account for funds used filling patients' cash withdrawals.
8. Cashier's office prepares and signs cash withdrawal for respective units, which are picked up by, designated unit employees at a specified time or delivered by courier (see APM II P-6-1 for delivery of funds by mail courier).
 - Unit employee signs both original and first carbon copy of withdrawal request at the time cash is received from the cashier or courier.
 - Original copy of withdrawal form is taken to unit and matched with the third copy to serve as basis for distribution of the cash. All entries and signatures made on the original copy shall also be made on third copy, which will be retained, as a unit record. First carbon copy of the withdrawal request is retained by cashier.
9. Designated unit employee distributes cash in the presence of the RN in charge to appropriate patients in accordance with amounts reflected on the original copy of the withdrawal request.
10. Patients who are capable of signing their names are to indicate receipt of funds by signing the original copy of the withdrawal request. In the case of patients who are unable to sign their names, two (2) unit employees, one (1) being the RN in charge, should sign the withdrawal request indicating that the appropriate patient actually received the funds. Printed signatures are unacceptable.

11. When patients' funds are to be held in the unit cash box for later distribution to the patient, the designated employee shall enter on original copy of the withdrawal request in the column titled "received by", the words, "to cash box" and sign his name. The RN in charge shall co-sign. A unit money record sheet shall then be updated reflecting the funds held in the unit cash box for the patient.
12. After all funds have been distributed to appropriate patients, or placed in cash box as described in paragraph L above, the original copy of withdrawal form shall be returned to patients' accounts for attachment to the second carbon copy of the withdrawal request. If original copy is not returned to patients' accounts prior to or along with the next week's withdrawal request, the withdrawal request will not be honored. Any undistributed cash shall be deposited in the cashier's office.
13. Any change in the amount requested on the patients' money withdrawal form whether by unit personnel, patients' accounts, etc. shall be initialed by the person making the change in the column marked "changed by".

Withdrawals – Special

1. The same withdrawal form will be used for special withdrawals. Each patient request shall be on a separate request form and checked in the appropriate place to indicate a "special withdrawal". An explanation should be written below the patient's name giving sufficient explanation as to how the funds are to be used.

NOTE: The explanation shall be specific as to why and how the funds requested are to be spent. General explanations such as "personal use", "outing", or for things normally covered by the weekly request are not adequate explanations.

If patients are able to manage their own funds, a statement to this effect must be written on the request and signed by the treatment team leader or the unit nurse manager. In addition, the "patient waiver of responsibility form" should be signed by the patient and a copy retained in the patients' record and a copy forwarded to the patients' accounts representative. This waiver states that patients are aware of their responsibility for their own funds of an amount up to \$250 without saving receipts or sending them to patients' accounts. When patients request an amount of \$250 or more, they will be given a receipt envelope by the cashier's office. The patient shall be responsible for saving the receipts at the time of purchase and submitting them in the envelope to staff. Staff will then fill out the envelope reviewing the receipts and purchases. The patient will sign the envelope on the line requesting "shopper's signature." The staff reviewing the receipts and purchases will sign on the line "signature of staff verifying purchases". The receipt envelope will then be sent to the patients' accounts office. If a patient fails to return these receipts, the privilege and freedom of spending amounts in excess or \$250 may be restricted by the treatment team. The following conditions must be met in order for a patient to be exempt from

maintaining receipts for funds under \$250:

- The treatment team allows the patient to leave campus on their own or with family.
 - The treatment team allows the patient to manage their own funds.
 - No staff member is involved in the spending process.
 - The patient has signed the “patient waiver of responsibility form” and the form has been submitted to the patients’ accounts office prior to any withdrawals based on these conditions.
 - The patient has signed the white copy of the withdrawal form in the appropriate place to indicate receipt of the funds.
1. In all cases when the hospital is the representative payee for a patient’s funds, the patient is considered incapable of managing his/her own funds. If the patient is considered incapable of managing his/her own funds, then funds shall not be distributed to the patient or patient’s family, but shall remain in the custody of the shopping employee at all times. Even if the patient is making purchase selections, the actual exchange of cash for goods will be performed by the employee.
 2. Special withdrawals should list only one patient per form. Adherence to this policy is required to provide adequate documentation for protection of the hospital and safeguarding of patients' funds. The only exceptions to this policy will be for the types of group purchases allowed by the Social Security Administration, wherein a group of patients may pool funds to purchase a large item, such as a television. Since the hospital typically funds these types of purchases, group purchases will be rare. Requests for special withdrawals on which more than one patient is listed will be returned to the unit by patients' accounts, unless it is for an authorized group purchase.
 3. An envelope will be handed out by patients' accounts at the time the special request is approved. Receipts are required to be maintained and submitted in the envelope provided for all special withdrawal requests except as above noted. Receipts shall show the following information: place of purchase, date of purchase, and an itemization of items purchased including quantity and the cost. Hand-written receipts, or receipts without store name are not acceptable. Memos indicating that the receipt has been lost are also not acceptable. The envelope is self-explanatory and is designed to account for the total funds withdrawn. The envelope shall be signed by the individual doing the shopping and also be signed by the RN in charge who shall verify all purchases against receipts. The envelope shall be returned to patients' accounts for attachment to the original copy of the withdrawal form. The envelope containing the receipts shall be returned to the patients’ accounts office within five (5) business days. Should envelopes and receipts not be submitted within five (5) business days, patients' accounts shall notify the unit nurse manager and/or the administrative assistant.

4. In all instances where hospital staff are involved in handling patients' money, **RECEIPTS ARE MANDATORY**. Failure of staff to return receipts to the patients' accounts representative will automatically result in a request for investigation to the unit nurse manager and the administrative assistant. All expenditures of patients' funds by hospital staff shall be accounted for by a supervisor. The patients' accounts representative shall report all receipt discrepancies not resolved in a timely manner to the hospital business manager. Appropriate disciplinary or legal action will be taken with any employee who is found to have misused patients' funds.
5. Any funds remaining after shopping are to be re-deposited at the cashier's office and under no circumstances returned to the patient. This requirement is necessary to provide safeguarding and documentation for the entire amount initially withdrawn for shopping.
6. If the items purchased by patient and/or hospital staff are to be kept on hand at the hospital, these must be managed subject to the requirements of the "personal clothing and Possessions Policy A.P.M. No. II C-1. The nurse in charge must assure that items not placed in unit locked storage are given to patients by the shopping staff and appropriately note this event in the patient's record.
7. If funds are not picked up by the unit within two (2) business days after submission of the withdrawal request, the cashier's office will re-deposit the funds, note the cashier's office receipt number on the withdrawal request, retain the first carbon copy and forward the original copy to patients' accounts, attached to the first carbon copy of the withdrawal request. The cashier will forward to the unit a copy of the cashier's Office receipts after funds are re-deposited.
8. The amount being requested shall be written out (as on the second line of a check) either below the figure amount or on the bottom line to preclude alteration of the numerical amount.

Discharges/External Transfers/Financial Records Clearance

1. The following policies are to be part of the overall discharge procedure for patients being released and apply to external transfers, trial visits and temporary visits (where applicable), as well as direct discharges.
2. If possible, all personal funds and belongings shall be given to the patient and/or sent with him when he is released or transferred (see paragraphs C & D below for variations to this policy regarding temporary visits and after hours, weekends, and holiday discharges). This policy is to be accomplished by unit personnel in the following manner.
 - Check the unit locked storage for any personal belongings being held for the patient.

- Check with patients' accounts to determine if patient has any remaining balance in his personal account and if any belongings are being held in the cashier's office. Advance notification of discharge to patients' accounts will facilitate the disbursement of personal funds at the actual time of discharge.
 - If patient have funds or personal belongings, the form for the release of patients' personal funds and/or belongings (see Exhibit D) should be completed to notify patients' accounts and the cashier's office that the patient is being released. Patients' accounts will not authorize disbursement of funds for a discharged patient before receiving a copy of this form. Spoken communication from the unit staff to patients' accounts regarding the discharge is not acceptable. This control is necessary to ensure that funds are not disbursed in error. A minimum of a one-day prior notice is required for the patient's funds to be available at the cashier's office at the time of discharge.
 - The regular withdrawal form should be submitted with "special withdrawal" checked if the patient desires to withdraw all or a portion of his personal funds in cash. Under normal circumstances, only \$100 maximum in cash may be issued with balance in check. Exceptions may be allowed based on advance notification and approval, and dependent upon the cash availability in the cashier's office.
3. The overall policy under paragraph B above is handled somewhat differently for temporary visits in that only the funds and personal belongings on the unit are given to the patient at the time of the visit; i.e., his other personal funds and belongings remain in safekeeping in the cashier's office and unit locked storage. In the event the patient is discharged from a temporary visit, the balance of the patient's personal funds and belongings will automatically be forwarded to the patient upon receipt of the form for the release of patients' personal funds and/or belongings.
 4. If discharge occurs after hours, weekends or holidays when the business offices are closed, there are special arrangements which can be made to enable the patient to receive his/her funds and personal belongings from the information desk at time of discharge. These arrangements will relieve the unit of the responsibility of keeping relatively large sums of money and personal belongings on the unit until the after hours, weekend or holiday discharge.
 5. To request these special arrangements, check the appropriate block on the discharge form for the release of patient's personal funds and/or belongings and forward to patients' accounts. The cashier's office will deliver the funds and personal items to the information desk prior to the end of the day for pick up when the patient is released "after hours". In the event that prior arrangements cannot be made for after hours, weekend or holiday discharges, then patients' accounts should be notified the following workday in order that the patient may be sent his/her personal belongings and the remaining balance in their personal account. However, funds will not be

disbursed by patients' accounts prior to receipt of the form for the release of patients' personal funds and/or belongings.

- 6. For discharge or for transfer of a patient to another hospital, center or institution, patients' accounts should be notified three (3) days in advance in order that the patients' financial records may be updated as of the date of the transfer or discharge. This procedure is not applicable to visiting patients to the medical surgical unit.

Insert Name, Hospital Director

Date

Attachments

Delegation of Disbursing Authority to DHHS Controller - Attachment 14

State of North Carolina
Office of the State Controller
Delegation of Disbursing Authority

Within the provision of General Statute 143-3.2 the North Carolina Office of the State Controller (OSC) does herewith delegate the authority to make disbursements through a disbursing account established with the state Treasurer to the North Carolina Department of Health and Human Services (NC DHHS) (agency/university) in accordance with the following terms and conditions:

1. The term of this delegated authority shall be from July 1, 2001 until notice in writing to the Agency Head from the State Controller that the delegated authority to disburse funds through a disbursing account is revoked or one of the parties to the agreement changes.
2. The agency shall use disbursing account(s) assigned by the NC State Treasurer to make all disbursements.
3. The agency shall designate individual(s) to submit requisition (s) into the Cash Management Control System for deposit of funds into disbursing accounts.
4. The agency shall requisition for deposit into the disbursing account an amount equal to each corresponding check run, and will not release warrants which have been written prior to notification from the OSC that requisition for funds has been approved.
5. The agency shall assure that the disbursing account balance at all times is zero or more, and at no time has an overdraft.
6. The agency assumes the responsibility for reconciling the disbursing account in accordance with guidelines issued by the NC State Treasurer.
7. In addition to the preceding terms and conditions the agency also acknowledges and agrees to:
 - a. Implement adequate internal controls over disbursements;
 - b. Adhere to agency's approved cash management policy;
 - c. Comply with rules set forth in the NC State Budget Manual;
 - d. Pre-audit all vouchers presented for payment to determine:
 - legality of disbursement
 - validity and accuracy of payment
 - payment due date
 - adequacy of documentation supporting payment;
 - e. Assure adequate control of signature stamps/plates;
 - f. Assure adequate control of negotiable instruments;
 - g. Correct major audit findings of the NC State Auditor.
 - h. Adhere to scheduled financial closeouts monthly and annually.
8. Any change in any accounting system or subsystem of the state agency as defined in G.S. 147-64.4(4), must receive prior approval by the NC Office of the State Controller.
9. The privileges associated with this delegation may be revoked if the terms and conditions in this agreement are not met.

On behalf of the above named agency, I (we) accept the responsibility of the delegated disbursing authority and agree to the terms and conditions set forth above:

{Signed} _____
(Agency Head/Chancellor) Date

{Signed} _____
(Fiscal Officer) Date

The above named agency is herewith granted disbursing authority in accordance with the terms and conditions set forth in this Delegation of Disbursing Authority.

{Signed} _____
(State Controller) Date

Procedures for Disbursement of Special Appropriations - Attachment 15

DHHS Procedures for the Disbursement of Special Appropriations – transmitted by Jim Edgerton’s Memo of 07/12/00 and Maurice King’s Memorandum dated 7/5/00.

To ensure that all divisions, facilities and schools within DHHS implement OSBPM procedures in a consistent manner, we are providing instructions for implementation by your division. Special Appropriations are being defined by the language of the NC General Assembly. When the NC General Assembly specifically identifies the local government or non-profit by name within the appropriation, it is considered a special appropriation. If the funds are appropriated to a division within DHHS and the decision for allocation is within our purview, then it is not considered a special appropriation and the normal contracting, disbursement, and reporting processes are to be followed. If special appropriations continue in the certified budget for more than two (2) years, they will be considered regular appropriations and will be controlled by policies and procedures, including the DHHS Cash Management Plan, for the normal disbursement process.

If the special appropriation is less than \$15,000, payment to the local government or non-profit disbursement is to be made in lump sum. Once the completed “Request for Payment of Appropriations from the North Carolina General Fund” has been received, the disbursement is to be made. A letter of disbursement should accompany the payment explaining the spending requirement and that reporting requirements are not applicable.

If the special appropriation is between \$15,000 and \$100,000, payment to the local government or non-profit disbursement is to be made in lump sum. Once the completed “Request for Payment of Appropriations from the North Carolina General Fund” has been received, the disbursement is to be made. Also, the following reporting requirements apply:

1. Non-governmental entities are required to submit an annual sworn accounting of receipts and expenditures of the state funds, as prescribed by the office of the auditor in audit advisory 2. (Note: This advisory was issued to advise non-governmental entities receiving state funds of the implementation of the 1996 revisions and the 1997 legislative amendments to G.S. 143-6.1). The DHHS prescribed format will be transmitted at a later date. A letter of disbursement should accompany the payment explaining the reporting and spending requirement.
2. All governmental entities are to adhere to OMB Circular A-133 and the NC State Single Audit Act.

If the special appropriation is for more than \$100,000, payment to the local government or non-profit is to be made on a quarterly basis, unless specified differently in the appropriation act. Exceptions to the quarterly payment process may be made by the DHHS Secretary’s Office for irregular expenditures, such as capital expenditures and procurement of "big ticket" items, when necessary to resolve cash flow. Once the completed “Request for Payment of Appropriations from the North Carolina General Fund” has been received, the quarterly disbursements are to be made. If the special appropriations are more than \$100,000 but less than \$300,000, the reporting requirements above apply.

If the appropriation is for \$300,000 or more, non-governmental recipients must file annually with the NC State Auditor and the DHHS Controller's Office a financial statement in the form and on the schedule prescribed by the Office of the Auditor in Audit Advisory 2.

Governmental entities who receive special appropriations are required to submit a one (1) page narrative description of how the funds will be used and a completed "special appropriations budget information" form at the same time that they submit the "Request for Payment of Appropriations from the North Carolina General Fund" form.

All non-governmental entities who receive special appropriations are required to submit the following items at the same time that they submit the completed "Request for Payment of Appropriations from the North Carolina General Fund" form:

- A notarized copy of the organization's policy addressing conflicts of interest,
- Proof of 501(c) (3) status, if applicable,
- The organization's charter and by-laws, trust indenture, partnership agreement, etc.,
- list of board of directors/trustees
- Five (5) letters of tax exempt status from the Internal Revenue Service and the NC Department of Revenue, one (1) page narrative description of how the funds will be used and
- A completed "special appropriation budget information " form (see recommended formats on attachments 1-3 of this memo on page 92-94).

Disbursement of special appropriations cannot be made until the conflict of interest statement is received.

G.S. 143-6.1 authorizes the NC Office of State Budget, Planning and Management to require entities receiving special appropriations to supply information demonstrating that the entity is capable of managing the funds in accordance with law and has established adequate financial procedures and controls. No additional information beyond that described above is being required by OSBPM at this time. If during the processing of the special appropriations questions arise as to the entity's ability to manage the funds, the division should immediately contact the DHHS Controller's Office who will work with OSBPM to secure needed information to answer questions.

Programmatic Reporting and Monitoring:

Financial reporting requirements are established in law and regulations as discussed above. However, programmatic reporting requirements are an option available to the division which could prove to be a prudent management tool. Depending on the nature of the funded item, the division should request information about how the funds were actually used, what the outcome was from the award provided, and/or how efficiently the funding was applied. For example, a division making a disbursement of special appropriations of a certain amount of

money which in turn is used for sub-grants may want a report on how many sub-grants were made, for what purposes they were made, and how many citizens benefited from the sub-grants and at what cost per recipient.

Division management should give due consideration to monitoring these recipients, especially those who have limited financial reporting requirements. By monitoring these recipients, the division would be exercising prudent stewardship of resources appropriated, could make corrective recommendations to the recipient and, if necessary, implement appropriate corrective actions should questionable application of these funds be identified during the course of the year.

OSBPM Procedures for the Disbursement of Special Appropriations Per Maurice King's Memorandum Dated 07-05-2000

Special appropriations are funds appropriated from the NC General Fund by the General Assembly to supplement the budgets of local governments and non-profit corporations for regional and statewide in the areas of human services, education, cultural activities, fire protection, community development, and economic development. Funds are either appropriated from the state's general fund directly to the non-state agency or to a state agency for the purpose of transfers to the non-state agency. If the appropriation is a direct appropriation, the funds are budgeted (certified) in the special appropriations reserve in the NC Office of State Budget, Planning and Management. If the appropriation is made to a state agency, funds are budgeted (certified) in that agency's operation budget code.

After the appropriation is made, a letter should be sent by the operating agency in which funds are budgeted to the recipient organization stating that the NC General Assembly has appropriated funds to the organization and the purpose for which the funds are to be expended. Special appropriations can only be expended for authorized projects and purposes specified in the appropriating legislation.

Included with the letter to the recipient organization should be a "request for payment of appropriations form" which must be filled out completely and notarized by the recipient organization (an example is attached). The form should specify the recipient, amount and purpose of the appropriation. Any matching requirement or other restrictions imposed by the NC General Assembly should also be specified. Additional information such as charter, by-laws, list of board members, and tax exemption letters, should be attached to complete the "request for payment of appropriations form". Upon return of the requested information and upon successful review by the appropriate state agencies, disbursements can be made. Before disbursement is made, the NC Office of State Budget, Planning and Management may require recipients of special appropriations to supply information demonstrating that the recipient is capable of managing the funds in accordance with law and has established adequate financial procedures and controls. If during an agency's review of a recipient, the agency needs assistance in procuring additional information from the recipient, the state agency should immediately contact their budget analyst in the NC Office of State Budget, Planning and Management for assistance.

Recipients of special appropriation must file a notarized copy of the organization's policy addressing conflicts of interest when requesting funds. This requirement remains in effect. For additional information see Chapter 443 Section 7.5 1997 (copy attached).

Pursuant to G.S. 143-26 and the state's cash management plan, special appropriations totaling more than \$100,000 should be disbursed on a quarterly basis unless specified differently in the appropriations act. Exceptions to this procedure can be made by the department head.

Pursuant to G.S. 143-6.1 (copy attached) a state agency that disburses a special appropriation to a non-state agency must identify the recipient to the state auditor. Recipient organizations that receive, use of expend between \$15,000 and \$300,000 in state funds annually must file annually with the state agency that disbursed the funds a sworn accounting of receipts and expenditures of the state funds. Each state agency should develop a format for these accountings and obtain the state auditor's approval of the format. For more information, refer to G.S. 143-6.1. Recipient organizations that receive, use of expend \$300,000 or more in state funds annually must file annually with the state auditor a financial statement in the form and in the schedule prescribed by the state auditor. For more information, refer to G.S. 143-6.1.

Special appropriation subject to matching requirements should be disbursed and expended in accordance with G.S. 143-31.4, non-state match restrictions (copy attached).

A letter of disbursement should accompany each check sent to a recipient organization. The letter of disbursement should outline all reporting and spending requirements associated with the special appropriation.

Pursuant to G.S. 143-3.2(a), all warrants issued for non-state entities shall be delivered by the appropriate agency to the entity's legally designated recipient by United States mail or its equivalent, including electronic funds transfer.

(DATE)

(NAME OF RECIPIENT)
(RECIPIENT ADDRESS)
(CITY, STATE ZIP)

Dear (Mr., Ms., or Sirs)

The (YYYY) Session of the NC General Assembly has appropriated \$XXX, XXX to our division for your organization to be used to (DESCRIPTION OF FUNDING USE PER AUTHORIZING LEGISLATION). In order for division to implement this award in compliance with applicable laws and regulations, there are certain required informational items that we must request. We are requesting that you provide the information listed below and complete the "Request for Payment of Appropriations from North Carolina General Fund" form. The items needed from your organization are:

1. A notarized "Request for Payment of Appropriations from North Carolina General Fund",
2. A notarized copy of the organization's policy addressing conflict of interest,
3. Documentation of the organization's tax exempt status under 501(c)(3), if applicable
4. The organization's charter and by- laws, trust indenture, partnership agreement, etc.,
5. List of board members and officers,
6. A one page narrative description of how the funds will be used, and
7. A completed "special appropriations budget information" form.

Please return this information to our office at the following address:

(DIVISION NAME)
(DIVISION MAILING ADDRESS)
(CITY, STATE, ZIP)

(ATTN: {STAFF MEMBERS NAME})

Upon receipt of this information we will review the information and inform you of our acceptance of it or deficiencies remaining. When all necessary documentation is received, we will initiate the payment process. (DESCRIBE PAYMENT PROCESS BASED ON AMOUNT OF AWARD).

If you have any questions, please contact (CONTACT'S NAME) at (PHONE NUMBER).

REQUEST FOR PAYMENT OF APPROPRIATION (S) FROM NORTH CAROLINA GENERAL FUND
(SEE LETTER ENCLOSED)

2000 Allocation: \$

Purpose:

Part A. TO BE COMPLETED BY ALL RECEIPIENTS

1. Contact's Name _____ Telephone _____
2. Contact's Position in Organization _____
3. Federal Identification Number _____
4. Kind of Organization: Corporation ___ Trust ___ Partnership ___ Government ___
Unincorporated Association ___ Other ___
5. Match Required: No On a _____ to _____ basis.

If mating is required, is cash match in hand? Yes _____ No _____

If the required match is not in hand, by what date and from what source does the organization expect to have the cash match?

Part B. TO BE COMPLETED BY ALL NON-GOVERNMENTAL RECEIPTS

1. Please enclose the following:
 - a. Articles of incorporation and by-laws, trust indenture, partnership agreement, etc.
 - b. List of board of directors/trustees.
 - c. Letters of tax exempt status from the Internal Revenue Service.
 - d. Notarized policy addressing conflicts of interest.

Part C. TO BE COMPLETED BY ALL RECIPIENTS - FORM

Signature (of individual making request)

Notary Public (official seal)

Date Notarized

**REPORTING REQUIREMENTS
INFORMATION FROM PRIVATE ORGANIZATIONS RECEIVING STATE FUNDS**

G.S. 143-6.1. Reports on use of state funds by non-state entities.

1. **Disbursement and Use of State Funds.** – Every corporation, organization, and institution that receives, uses, or expends any state funds shall use or expend the funds only for the purposes for which they were appropriated by the NC General Assembly or collected by the state. State funds include federal funds that flow through the state. For the purposes of this section, the term “grantee” means a corporation, organization, or institution that receives, uses or expends any state funds. The state may not disburse funds appropriated by the NC General Assembly to any grantee or collected by the state for use by any grantee if that grantee has failed to provide any reports of financial information previously required by this section. In addition, before disbursing the funds, the NC Office of State Budget, Planning and Management may require the grantee to supply information demonstrating that the grantee is capable of managing the funds in accordance with law and has established adequate financial procedures and controls. All financial statements furnished to the state auditor pursuant to this section, and any other audits or other reports prepared by the state auditor, are public records.
2. **State Agency Reports.** – A state agency that receives state funds and then disburses the state funds to a grantee must identify the grantee to the state auditor, unless the funds were for the purchase of goods and services. The state agency must submit documents to the state auditor in a prescribed format describing standards of compliance and suggested audit procedures sufficient to give adequate direction to independent auditors performing audits.
3. **Grantee Receipt and Expenditure Reports.** – A grantee that receives, uses or expends between \$15,000 and \$300,000 in state funds, except when the funds are for the purchase of goods or services, must file annually with state agency that disbursed the funds a sworn accounting of receipts and expenditures of the state funds. This Accounting must be attested to by the treasurer of the grantee and one other authorizing officer of the grantee. This accounting must be filed within six (6) months after the end of the grantee’s fiscal year in which the state funds were received. The accounting shall be in the form required by the disbursing agency. Each state agency shall develop a format for these accountings and shall obtain the state auditor’s approval of the format.
4. **Grantee Audit Reports.** – A grantee that receives, uses or expends state funds in the Amount of \$300,000 or more annually, except when the funds are for the purchase of goods or services, must file annually with the state auditor a financial statement in the form and on the schedule prescribed by the state auditor. The financial statement must be audited in accordance with standards prescribed by the state auditor to assure that state funds are used for the purposes provided by law.

5. **Federal Reporting Requirements.** – Federal law may require a grantee to make additional reports with respect to funds for which report are required under this section. Notwithstanding the provisions of this section, a grantee may satisfy the reporting requirements of subsection (c) of this section by submitting a copy of the report required under federal law with respect to the same funds or by submitting a copy of the report described in subsection (d) of this section.

6. **Audit Oversight.** – The state auditor has oversight, pursuant to Article 5A of Chapter 147 of the NC General Statutes, of every grantee that receives, uses, or expends state funds. Such a grantee must, upon request, furnish to the state auditor for audit all books, records and other information necessary for the state auditor to account fully for the use and expenditure of state funds. The grantee must furnish any additional financial or budgetary information requested by the state auditor.

**REPORTING REQUIREMENTS
INFORMATION FROM PRIVATE ORGANIZATIONS RECEIVING STATE FUNDS**

Session Laws 1999-237

Each private, non-profit entity eligible to receive state funds, either by NC General Assembly appropriation or by grant, loan or other allocation from a state agency, before funds may be disbursed to the entity, shall file with the disbursing agency a notarized copy of that entity's policy addressing conflicts of interest that might arise involving the entity's management employees and the members of its board of directors or other governing body. The policy shall address situations where any of these individuals may directly or indirectly benefit, except as the entity's employees or members of the board or other governing body, from the entity's disbursing of state funds, and shall include actions to be taken by the entity or the individual, or both, to avoid conflicts of interest and the appearance of impropriety.

G.S. 143-31.4. Non-State Match Restrictions

Whenever money is required to match an appropriation made for a specific purpose by the State of NC, the recipient of the appropriation shall receive as a gift, grant, earnings in actual money or a pledge that can be used as collateral in any prudent loan transaction, the matching amount required. The recipient shall retain the matching amount received in its possession until spent for that purpose and shall spend an equal percentage of the appropriation and of the matching amount each time an expenditure is made, unless the individual appropriation requires otherwise. (1985, c. 479. s. 155.)

DHHS Cash Management Plan Responsibilities Matrix Supplement - Sample Forms and Instructions - Attachment 16

Instructions for Completion of the DHHS Cash Management Plan Responsibilities Matrix Supplement Forms

The Matrix Forms:

There are five (5) matrix sections. A separate Excel spreadsheet is included in this workbook that lists the cash management tasks for each matrix section. The five (5) matrix sections are as follows:

- Cash Receipts Matrix
- Accounts Receivable /Billing Matrix
- Cash Disbursements Matrix
- Management of Inventory and Supplies Matrix
- Listing of Cash Funds and Credit Cards Matrix

DHHS Policy - Who is required to complete the matrix forms:

Since most of the tasks listed in the matrix sections are performed by employees under the supervision of the DHHS Controller' Office, the matrix forms will be completed by the responsible DHHS Controller's Office Sections. Some of cash management tasks listed are performed by DHHS division/facility/school employees. In cases where division institution staff perform any cash management tasks listed in the matrix sections the division/facility/school must complete the applicable matrix sections and forward them to the Chief of the DHHS Controller's Office Account Receivable Section for approval by the Controller and inclusion in the DHHS Cash Management Plan.

After the initial completion and submission of the matrix forms to the DHHS Controller's Office, updated matrix forms must be submitted if the position numbers assigned to a cash management task listed in one of the matrix sections changes. The matrix forms must be kept current to avoid audit exceptions. Revised matrix forms are to be submitted to the DHHS Controller's Office Accounts Receivable Section. The following are instructions for completion of each matrix form: Excel 7.0 users can access the instructions on each form by selecting the "**view comments**" command when a red tab appears in the upper right corner of a spreadsheet cell that contains a heading.

Cash Receipts Matrix Instructions:

1. Enter the position number of the employee who is primarily responsible for performing each task listed in column A in column B on the same line as the task description. Enter the position number of the employee designated to serve as backup to the position number listed in column A in column C on the same line as the task description. Use columns D-I where applicable to list primary and backup position numbers when the task is performed in more than one physical location or organizational sub-unit by different positions.
2. Repeat step 1 for each task listed in column A that is performed by employees of the division/facility/school or other organizational sub-unit this matrix form covers.

Accounts Receivable/Billing Matrix Instructions:

1. Enter the position number of the employee who is primarily responsible for performing each task listed in column A in column B on the same line as the task description. Enter the position number of the employee designated to serve as backup to the position number listed in column A in column C on the same line as the task description. Use columns D-I where applicable to list primary and backup position numbers when the task is performed in more than one physical location or organizational sub-unit by different positions.
2. Repeat step 1 for each task listed in column A that is performed by employees of the division/institution or other organizational unit this matrix form covers.

Cash Disbursements Matrix Instructions:

Description: Enter the position number of the employee designated to serve as backup to the position number listed in column A in column C on the same line as the task description. Use columns D-I where applicable to list primary and backup position numbers when the task is performed in more than one (1) physical location or organizational sub-unit by different positions.

Repeat step 1 for each task listed in column A that is performed by employees of the division/facility/school or other organizational unit this matrix form covers.

Management of Inventory and Supplies Matrix Instructions:

Description: Enter the position number of the employee designated to serve as backup to the position number listed in column A in column C on the same line as the task description. Use columns D-I where applicable to list primary and backup position numbers when the task is performed in more than one (1) physical location or organizational sub unit by different positions.

Repeat step 1 for each task listed in column A that is performed by employees of the division/facility/school or other organizational sub-unit this matrix form covers.

**Listing of Cash Funds and Credit Cards Matrix Instructions:
Instructions For Listing All Petty Cash, Change and Revolving Funds:**

1. Enter the description and reimbursing budget code/company/center for each petty cash, change or revolving fund on a separate line in column A under the caption, "Listing of All Petty Cash, Change and Revolving Funds".
2. Enter the authorized amount for each fund in column B on the same line with the fund's description.
3. Enter the position number of the primary custodian of each fund in column C on the same line with the fund's description. Use columns E, G, and I only if needed to identify multiple locations such as the business office, cafeteria, wards, canteen etc.
4. Enter the position number of the employee who serves as backup to the primary fund custodian on the same line with the fund description in column D. Use columns, F, H and J only if needed to identify multiple locations such as the business office, cafeteria, wards, canteen etc.
5. Be sure to delete the example line prior to submission of this form.

Agency Credit Card Listing Instructions:

1. List the credit card number for each agency credit card in column A under the heading "Listing of Agency Credit Cards".
2. Enter the name of the issuing bank in column B on the same line with the credit card number.
3. Enter the position number of the card custodian in the column D on the same line with the credit card number.
4. Enter the position number of the employee who serves as backup to the primary fund custodian.
5. Be sure to delete the example line prior to submission of this form.

Division/Facility/School:	Location/Unit A		Location/Unit B	
Section:				
Branch:	Primary	Backup	Primary	Backup
Cash Receipts Matrix	Position No	Position No	Position No	Position No
Excel 7.0 users may select 'view/comments' to view instructions for completion of this form				
Mail Receipts				
Opens Mail				
Stamps "for deposit only" on checks or warrants				
Enters checks received on the DHHS Mail Cash Receipts Log				
Desk Receipts				
Performs cashier functions at each location				
Prepares the daily cash report for cashier desk receipts				
Depositing Receipts				
Prepares state treasurer deposit slip				
Reconciles deposit to mail receipts log and cash report				
Enters deposit into cash management control system				
NCAS Posting				
Prepares NCAS coding sheet				
Reviews/approves NCAS Coding Sheet				
Enters NCAS Coding Sheet				
Reconciles the deposit ticket to NCAS and the mail logs and cash				
Other Cash Control Functions				
Responsible for posting Personal Funds Accounts to HEARTS				
Responsible for monthly auditing of patient accounts				
Determines cash needs for each disbursement cycle				
Determines federal and local share of cash requirements				
Requests federal cash draws				
Prepares cash requisition to disbursing account				
Calculates and records earned revenues in NCAS				
Balances NCAS cash receipts with each subsystem monthly				
Monitors federal grant award balances and requests revisions				

Division/Facility/School:	Location/Unit A		Location/Unit B	
Section:				
Branch:	Primary	Backup	Primary	Backup
Accounts Receivable/Billing Matrix	Position No	Position No	Position No	Position No
Excel 7.0 users may select 'view/comments' to view instructions for completion of this form				
Billing/Notice to Debtor				
Prepares bills/invoices/debt notifications				
Sends out dunning notices				
Notifies counties of amount to be drafted				
Assures that patients are billed monthly				
Assures that third party insurance is billed monthly				
Collection Process				
Computes/charges interest on past due accounts				
Computes/assesses penalty on past due accounts				
Prepares 30, 60, and 90 day past due letters				
Refers accounts to AG or collection agencies				
Responsible for debt set off actions on accounts				
Follows up denied insurance claims				
Reports				
Prepares quarterly OSC report on A/R's				
Prepares AG collection agency report				
Other Accounts Receivable/Billing Functions				
Prepares monthly write-off list for submission to DHHS Controller				
Approves write-off of past due accounts for division/facility/school				
Posts approved write-offs to account receivable				
Prepares/updates debt set-off list for submission to DOR				
Processes debt set-off collections				
Authorizes debt set-off refunds for payment				
Authorizes other refund of receipts for payment				
Authorizes patient deferred repayment plans for institution				
Authorizes compromise of account balance in excess of ATP				
Authorizes provider deferred repayment plans for DMA				
Authorizes recipient deferred repayment plans for DMA				
Authorizes audit disallowance deferred repayment plans				
Reviews credit balance accounts monthly				
Prepares certified statements of account for MH/MR/SAS				

Division/Facility/School:	Location/Unit A		Location/Unit B	
Section:				
Branch:	Primary	Backup	Primary	Backup
Cash Disbursements Matrix	Position No	Position No	Position No	Position No
Excel 7.0 users may select 'view/comments' to view instructions for completion of this form				
Pre-Audit of Disbursements Tasks				
Receives vendor invoices and supporting documentation				
Performs Pre-Audit of invoice for correct payee, math accuracy, matches invoice price and quantity to POs and verifies items ordered have been received per receiving reports and packing slips				
Responsible for noting partial shipments on POs (done on-line in NCAS)				
Verifies company/account center coding on PO				
Responsible for ensuring that utility services invoices have been reviewed and approved for payment by management outside the DHHS Controller's Office in accordance with an official delegations of approval authority				
Responsible for ensuring that debit memorandums are used to charge vendors for shortages, defective materials, etc., and approved by supervisory staff				
Responsible for ensuring that constructions contract payments are approved by the DHHS Budget Officer, retainages are correct and % of completions is certified by the managing engineer or architect				
Responsible for ensuring that original invoices are utilized for processing payments and to support the payment files				
Responsible for pre audit of travel according to the CMP				
Responsible for pre audit of service contracts according to the CMP				
Responsible for pre audit of capital project payments according to the CMP				
Responsible for pre audit of financial assistance reimbursement requests				
Responsible for pre audit of other non-PO invoices according to CMP				
NCAS				
Prepares coding and/or batching of vouchers for payment:				
Processes employee travel reimbursements				
Processes purchase of services contracts payment requests				
Processes financial assistance reimbursement requests				
Processes purchase order invoices for payment				
Processes rent, utilities and other invoices for payment				
Processes capital project payment requests				
Reviews control group status on NCAS daily for balanced batches to ensure invoices vs. keyed information matches.				
Check Preparation/Control				
Reviews Control Group Status on NCAS daily for balanced batches to ensure invoices vs. keyed information matches				
Controls access to the blank check stock and pre-print check stock				
Cancels a previously written check				
Authority to re-issue a previously canceled check				
Controls the signature cartridge				
Responsible for signing of checks				
Responsible for storing signed, unmailed checks in secure location				
Responsible for ensuring that voided checks are kept, filed and-signatures are mutilated				
Performs NCAS check printer audit function and reviews Appropriateness of manual checks written				
Other Cash Disbursement Functions				
Responsible for preparation of the quarterly sales tax report				
Responsible for ensuring that cost centers are charged only for				

allowable benefiting, direct and indirect costs specifically related to the program activity				
Responsible for ensuring that interfund and interbank account transfers are approved by authorized management employees outside the accounts payable and cash disbursing section on forms designed for this purpose				
Responsible for audit of petty cash fund(s)				
Responsible for audit of change fund(s)				
Insures that cost charged to federal programs are allowable				
Balances NCAS cash disbursements with subsystems monthly				
Responsible for month end closing, balancing and certification				

Division/Facility/School:	Location/Unit A		Location/Unit B	
Section:				
Branch:	Primary	Backup	Primary	Backup
Management of Inventory and Supplies Matrix	Position No	Position No	Position No	Position No
Responsible for verifying with the DHHS Budget Officer that sufficient funds are available for available for purchase orders or contracts to be issued				
Responsible for entering purchase order and contract encumbrances in NCAS				
Responsible for resolving NCAS budget exceptions				
Responsible for verifying incoming shipments of equipment and supplies against the NCAS receiving copy of the purchase order and entering items received in NCAS				
Inventory of Supplies				
Responsible as custodian of each inventory stock:				
Warehouse				
Pharmacy				
Dietary				
Housekeeping				
Medical Supplies				
Office supplies				
Fuel				
Tickets				
Other – List				
Responsible for the annual inventory of supplies				
Fixed Assets Inventory:				
Responsible for the reconciliation of the FAS records to the NCAS on a monthly basis				
Responsible for assuring that all fixed asset transactions are properly entered in the fixed asset system				
Responsible for conducting the annual inventory of fixed assets, and coordinates the physical inventory with the DHHS Controller's Office designated FAS employee				

