3440 Harden Street Extension
Columbia, South Carolina 29203
803/898-9600
Toll Free: 888/DSN-INFO
Home Page: www.ddsn.sc.gov

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Title of Document:	Management of Funds for Persons Receiving Residential Habilitation
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Applicability:	All Providers of Residential Habilitation

I. PURPOSE

The purpose of this directive is to state the policies and procedures for protecting the financial interests of persons with an Intellectual Disability or a Related Disability, Autism Spectrum Disorder (ASD), Head and Spinal Cord Injuries or Related Disabilities who receive residential services from DDSN, DSN Boards, and other Contracted Service Providers. Providers should assist with money management and promote normalization in the use of money to the extent of each person's capability. Providers are responsible for the funds entrusted to them. Therefore, providers must ensure that financial records are properly maintained and funds are safeguarded, and properly managed in accordance with the person's financial plan.

II. CUSTODY OF PERSONAL FUNDS

Each resident or his/her representative payee has the right to manage his/her own personal funds (includes Cash on Hand (See DDSN Directive 200-01-DD: Cash on Hand Maintained at the Residential Level), funds maintained in the Palmetto ABLE Savings Program (ABLE), burial, checking, collective, investment, pooled trust, and savings accounts, and gift cards). However, when the resident needs assistance but does not have a family member or trusted friend willing to serve as a

Representative Payee, the Residential Habilitation Provider should apply to become the resident’s Representative Payee.

Residential Habilitation providers must manage residents’ personal funds in accordance with individualized Financial Plans established for each resident. A Financial Plan is an annual personal budget that addresses all expected income and other known resources, all expected financial obligations/other expenses, and necessary accumulations of resources to address long term (greater than one year) financial goals.

III. FINANCIAL RIGHTS

Persons receiving residential habilitation have the following rights:

- To retain and manage their own personal funds or assign that responsibility to a legal guardian/designate or authorize a provider to hold, safeguard, and properly manage their personal funds.
- To be notified of all fees charged by the provider.
- To be notified of any items considered to be their financial responsibility in addition to any known fees.
- To have a known minimum amount of monthly income that is to be available for their personal spending prior to payment of residential fees or other charges.
- To have their personal funds safeguarded against theft or misuse.
- To have reasonable access to their personal funds.
- To have their personal funds managed in accordance with their financial plans and in a way that will not jeopardize Medicaid eligibility or other governmental benefits.
- To receive a complete accounting of their personal funds at least quarterly.

When a person begins receiving residential habilitation, the residential habilitation provider shall inform the person or his/her representative payee of his/her financial rights. Documentation that those rights have been explained should be evidenced by a signed Statement of Financial Rights (see Attachment A). This form should be kept in the person’s record.

IV. FINANCIAL MANAGEMENT

Providers are responsible for the design and implementation of measures sufficient to achieve the objectives stated in this directive. This section describes both principles and required procedures that should be incorporated into provider systems and adhered to by staff for management of personal funds:

A. Principles of Personal Funds Management:

1. Provider staff should follow each person's established Financial Plan. The Financial Plan is developed as part of an overall program for each person receiving residential services and it must be included or referenced as required by residential habilitation standards.

2. Personal funds must not be borrowed, loaned or co-mingled by the provider or another person or entity for any purpose. Personal funds must not be combined or co-mingled in any way with provider's operating funds.

3. Generally, personal funds should not be used to pay the cost of staff expenses except to the extent that established fees for services are used to cover provider operating costs. Only under extraordinary and well-defined circumstances (i.e., when special arrangements are made during a person's plan meeting) should staff expenses be paid using personal funds. Each provider should develop and document a policy addressing occasions, if and when, staff expenses may be paid from personal funds. Documentation of the decision to use personal funds to pay staff expenses and all supporting documents and receipts must be kept in the person's record.

4. Provider staff members who have direct access to accounts containing personal funds must have sufficient financial skills to properly maintain the financial records and documentation of training.

5. Reconciliation of accounts containing personal funds should be assigned to a provider staff member with sufficient financial skills to accurately reconcile the accounts. That staff member must not have the authority to sign documents on the personal funds' accounts.

6. At least once each quarter, a review of all account records must be done by a provider staff member with sufficient knowledge of each person's financial needs and the ability to determine the reasonableness of expenditures. A report of all account activity occurring that quarter should be given to each person with personal funds managed by the provider. Providers should develop and document a policy addressing the means and the extent to which staff are required to review the account information with each person.

7. Documentation of all uses of personal funds must be maintained in a manner sufficient to demonstrate the amounts and purposes for all expenditures and sources of all income.

8. For providers who choose to manage personal funds in a collective account, the collective account must be supported by a system of record keeping sufficient to establish a separate sub-account for each person with funds in the collective account and to allocate a pro-rata share of any interest earned to each sub-account within the collective account. People with personal funds in a collective account should not be charged bank fees associated with the account. (**Note: Providers must obtain written approval from the DDSN Director of Finance to operate a collective account. Additionally, approval must also be obtained from the Social Security Administration. For more information, please refer to the Social Security**

Administration's Program Operations Manual System, Section GN 00603.020: Collective Checking and Savings Accounts Managed by Representative Payees.)

9. For persons receiving benefits from governmental agencies (such as **Social Security, Veterans Administration or other unearned income sources**), personal funds must be managed in accordance with the regulations of those governmental agencies.

10. Direct deposit of governmental benefits should be made available.

11. All employees and agents of DDSN with access to personal funds must be bonded at a rate equal to the total amount of all personal funds for which they are responsible. DDSN must be named as a co-loss payee on the bond.

THE FOLLOWING REQUIREMENT (#12) IS APPLICABLE TO INTERMEDIATE CARE FACILITIES FOR INDIVIDUALS WITH INTELLECTUAL DISABILITIES (ICF/IID) PROVIDERS ONLY

12. For providers of residential services who enter into an ICF/IID contract with DDSN, DDSN retains certain responsibilities with regard to fees, called "Care and Maintenance," and individual income determinations for personal funds use. Specifically, DDSN must comply with the Social Security Administration's regulations by coordinating all of the following activities:

    - Reporting income/resources to DHHS to maintain Medicaid eligibility.
    - Reporting to DHHS to establish Medicaid participation in the cost of ICF/IID care.
    - Submitting monthly billings to Medicaid for ICF/IID residential care.
    - Submitting monthly billings to persons or other responsible parties for monthly Care and Maintenance fees.

To fulfill the above requirements DDSN must have complete knowledge on a monthly basis of all income and remaining financial resources of each person receiving residential services from ICFs/IID operated by DDSN. Obtaining this information requires coordination between the ICF/IID Provider and the associated DDSN Regional Finance Office. This coordination may be accomplished by using either:

- an Imprest Account, or
- the Alternate Method.

Imprest Account

In this method all personal funds for persons participating in ICF/IID programs flows through a Regional Bank, which is managed by a DDSN Regional Finance Office. Upon a person's entry into an

ICF/IID program, the Regional Bank sends to the provider a small amount of money, usually $200 or less, to be used for the person's day-to-day financial needs. The funds should be deposited into an account that is managed as other residential funds are according to Item #12 above, the additional requirement for ICF/IID Providers. This type of account is called an Imprest Account. As funds are used, the Provider requests reimbursement by sending detailed expenditure reports to the DDSN Regional Finance Office. The Regional Bank documents the total of actual expenditures and processes the reimbursement. Monthly Care and Maintenance fees are paid directly from the Regional Bank. Major purchases are paid directly from the Regional Bank. All personal funds, including governmental benefits, are deposited into the Regional Bank.

By following these Imprest Account procedures, the Regional Bank maintains current and complete information on each individual's income, expenditures and resource balances.

<u>Alternate Method</u> **(DDSN Central Office Finance Approval is Required)**

In this method the Regional Bank coordinates the receipt of all governmental benefits, wages and any other receipts that are considered "recurring income." The Regional Bank records all benefits and recurring income received and pays monthly Care and Maintenance fees. Any balances remaining after the payment of Care and Maintenance fees are sent directly to the provider, with the exception of benefit back-payments and/or other large lump sum receipts. All other income and expenses are managed directly by the provider. On a monthly basis, providers must submit a report of all expenditures and current cash balances to their associated DDSN Regional Finance Office. **To comply with Social Security Administration requirements, documentation (such as copies of purchase receipts, invoice copies, etc.) for expenditures of $200 or more <u>must be sent with the monthly expenditure report to the DDSN Regional Finance Office</u>**. The Regional Finance Office uses the monthly expenditure reports in conjunction with documented Regional Bank activity to get a complete picture of each individual's income, expenditures and resource balances.

Note: <u>Providers must obtain approval from the DDSN Central Office Director of Finance to use the Alternate Method</u>. Approval is considered and granted on a case-by-case basis. If at any time the DDSN Central Office Director of Finance finds that the information obtained from a provider under this method is not received timely, is incomplete or inaccurate, the approval may be rescinded. If approval is rescinded, the provider must immediately return to the Imprest Account Method.

In both methods described above, all accounts must be managed according to the principles outlined in this section.

B. <u>Required Procedures for Managing Personal Funds in Individual Accounts</u>:

Personal funds are normally managed by providers in individual or separate bank accounts established for each person in his/her residential setting. Some providers manage personal funds using a collective account whereby a system of individual ledgers is separately maintained for each person with funds in the collective account. The procedures described here; however, are specifically for providers operating individual accounts.

1. Unless a provider is approved to operate a collective account, a separate checking account must be established for each person's personal funds.

2. Ensure the name on the account clearly indicates that it is for the benefit of a specific person. (e.g., "*ABC County DSN Board, Representative Payee for John Smith*" or "*John Smith by ABC County DSN Board, Representative Payee*"). Do not use *"in care of."*

3. Ask the bank to either include processed checks with monthly bank statements **or** provide a method to obtain copies of processed checks at no additional cost or a very minimal cost. For imaged check copies, ask the bank to image both sides (front and back).

4. Seek to minimize costs associated with bank accounts, and ensure that each person can reasonably afford the fees.

5. Ask the persons for whom your organization manages personal funds to sign checks written on their accounts (in addition to any legally authorized signature).

6. Ensure there is at least two (2) staff authorized to sign checks on the personal fund's accounts.

Note: **If a person is capable of managing his/her own money, the account should be in that person's name and he/she should be the only authorized signer. The provider would not need to manage this person's money.**

7. Maintain a Bank Signature Card for each person's account and keep copies in the record. Ensure that Bank Signature Cards are updated whenever there are changes.

8. Purchase items costing $50 or more by check to ensure accountability. Record the person's name and check number on the purchase receipt. Smaller purchases of $50 or less may be made with cash from weekly spending funds or cash on hand.

Note: **Persons with prepaid cards or stored value cards may use them when vendors will not take checks. However, items purchased must be in accordance with their personal financial plans and certain other controls in place.**

9. Never write a check payable to cash. Checks should be written to staff members only <u>on a case by case basis with appropriate documentation and supervisor approval</u>. Documentation of the transaction should be kept in the person's permanent record.

10. Ensure that all appropriate checking account deposits are made within five (5) business days of receipt. Any savings account deposits should be made using a check written on the checking account to ensure that all transactions are documented.

11. When available, use the automatic deposit option for benefits from Social Security, Supplemental Security Income, Veterans Administration or other unearned income sources.

Note: **When direct deposits are scheduled, routine follow-ups should be done to verify the date and the amount of each deposit. Checkbook registers/ledgers should be updated to reflect account activity in a timely manner.**

12. Providers should write checks to cover allowable/stated fees charged for services or they may request automatic bank draft options on personal funds accounts to cover these fees.

13. Reconcile all bank statements to current checkbook/ledger balances within 20 business days of receipt or within 20 business days of the end of the prior month. Providers should assign bank reconciliation responsibilities to a staff member who is not an authorized signer on any personal funds account. After reconciliation, a notation indicating that it has been done should be written on the front page of the bank statement and on the check register. (e.g., Reconciled on *date* by *reconciler*.) If the account is out of balance by more than $5.00 and the problem is not identified and corrected within ten (10) business days, notification should be sent to the provider's Executive Director. If the problem cannot be resolved and the amount is in excess of $20.00, the Executive Director should request assistance from the DDSN Director of Finance.

14. Review and attach all cancelled check copies, deposit slips, receipts, pay check stubs or employer summaries to the monthly bank statement (names and check numbers should be recorded on all receipts for purchases made by check.) Bank reconciliations and all attached documentation should be retained for at least six (6) years following the end of a contract period, or if an audit exception is found, until resolution of the audit. In the case of an audit exception, the audit team will indicate when retention of the statements is no longer required.

15. Record all account transactions in each individual's checkbook register/ledger in a timely manner. Quarterly reports of all account activity should be supplied to each individual with personal funds managed by your organization.

C. Required Procedures for Managing Personal Funds in a Collective Account:

If a provider has received permission in writing from the DDSN Central Office Director of Finance **and obtained approval from the Social Security Administration**, they may manage the personal funds of their residential program participants in a collective bank account.

The procedures described in this section are specifically for providers operating a collective account for personal funds using a system of ledgers or sub-accounts that support the main account in detail.

1. Establish a separate checking account apart from all other checking accounts maintained by your organization to be used specifically for personal funds. Ensure the name of the account clearly indicates that the account is for the management of personal funds. (e.g., "*ABC County DSN Board Personal Funds Account*")

2. Ask the bank to either include processed checks with monthly bank statements **or** provide a method to obtain copies of processed checks at no additional cost or very minimal cost. For imaged check copies, ask the bank to image both sides of checks (front and back).

3. Establish the account so that no costs or bank fees are charged to the people whose personal funds are in the account.

4. Maintain proper accounting records to explain all activity in the collective account. The records should document actual cash balances and all deposit/check transactions.

5. Establish a set of ledgers or sub-accounts to support the main account. Individuals whose personal funds are maintained in the account should have their ledger or sub-account notated with identifying information such as their last name, first initial, and the last four (4) digits of their social security number. (e.g., *Smith, J., XXX-XX-1234*)

6. Authorize at least two (2) members of Finance or Administrative staff to sign checks on the collective account.

Note: **If a person is capable of managing his/her own money, a separate personal checking account should be established in that person's name. The provider would not need to manage this person's personal funds.** This must also be notated in the person's financial plan.

7. Purchase items costing $50.00 or more by check to ensure accountability. Record the person's name and check number on the purchase receipt. Smaller purchases of $50.00 or less may be made with cash from weekly spending funds or cash on hand.

8. Require staff to complete a purchase request form for all purchases <u>except</u> normally budgeted items such as groceries, utility bills, etc., or weekly spending purchases. The purchase request form should have a field to indicate if a check is needed or if approval to charge a purchase is needed.

9. Never write a check payable to cash. Checks may be written to staff members <u>only on a case by case basis with appropriate documentation and supervisor approval</u>. Documentation of the transaction should be kept in the person's permanent record.

10. Ensure that all deposits are made within five (5) business days of receipt.

11. When available, use the automatic deposit option for benefits from Social Security, Supplemental Security Income, Veterans Administration or other unearned income sources.

Note: **When direct deposits are scheduled, routine follow-ups should be done to verify the date and amount of each deposit. Ledgers or sub-account records should be updated to reflect activity in a timely manner.**

12. Providers should write checks to cover allowable/stated fees charged for services or they may request automatic bank draft options on personal funds accounts to cover these fees.

13. Reconcile bank statements to current ledger balances within 20 business days of receipt or within 20 business days of the end of the prior month. Providers should assign bank reconciliation responsibilities to a staff member who is not an authorized signer on the personal funds account. After reconciliation, a notation indicating that it has been done should be written on the front page of the bank statement and on the ledgers. (e.g., Reconciled on <u>*date*</u> by <u>*reconciler*</u>.) If the account is out of balance by more than $5.00 and the problem is not identified and corrected within ten (10) business days, notification should be sent to the

Provider's Executive Director. If the problem cannot be resolved, and the amount is in excess of $20.00, the Executive Director should request assistance from the DDSN Director of Finance.

14. Maintain a system of record keeping that will enable checks to be traced to supporting purchase request forms and all deposits to supporting validated deposit slips. Supporting documentation for all transactions should be identified to the sub-account. All receipts for purchases made by check should have the person's name and check number recorded on them. Providers should retain bank reconciliations and receipts on file for at least six (6) years following the end of a contract period, or if an audit exception is found, until resolution of the audit. In the case of an audit exception, the audit team will indicate when retention of the statements is no longer required.

15. Accept purchase request forms during normal business hours. Purchase requests received during normal business hours should be processed promptly and the requester notified of an approval/denial by the end of the next business day.

16. Record all account transactions in each subaccount register in a timely manner. Supply quarterly reports of all account activity to each person with personal funds managed by your organization. (If a collective account is interest bearing, see item A.8 under Section IV: Financial Management.)

V. <u>CASH ON HAND</u>

As part of the development of a Financial Plan for an individual receiving residential services, the individual, with the assistance of his/her Program Team, should determine a reasonable amount of funds per week that may be spent through cash purchases (called "weekly spending") and a reasonable amount of cash to have on hand. Cash on hand includes cash held by provider staff for a person in the residence <u>plus</u> cash actually held by the person. Unless supported programmatically and documented in the person's Financial Plan, cash on hand should not exceed $50.00.

Each provider should have a system of record keeping in place that is consistent with DDSN Directive 200-01-DD: Personal Funds Maintained at the Residential Level, to account for all cash on hand held by provider staff. The records must be sufficient to show at any given point in time the amount of cash held that belongs to each individual in the residence and all additions to and uses of cash. All cash held by staff should be counted at least monthly by a staff member who does not have authority to receive or disburse cash. The count should agree to the records and be documented in the cash record.

VI. <u>DEATH</u>

A. <u>Personal Funds</u>

Should a person pass away while living in a DDSN residential program, all funds conserved or managed by providers should be frozen and no disbursements made without the legal authority of the Probate Court <u>except</u> for reasonable funeral expenses.

B. Notification of Death

Within ten (10) calendar days of the date of death, the Representative Payee should send a written notification of death to the probate judge of the county in which the death occurred. (Typically, the county of legal residence is the county where the person was receiving residential services). If prohibited by a presiding judge from filing a notification of death, the parents, next of kin, or guardian should notify the court.

A copy of the death notification should be sent to the parent(s)/guardian(s)/next of kin, the financial representative, if known, and the person's Case Manager. If the person owned property in other counties or states, the probate judges in those counties should be notified also.

The notification of death should contain all of the following information:

1. A complete financial accounting and listing of the decedent's assets and known liabilities (funds owed to the provider should be included under liabilities).

2. The name and address of the parent(s)/guardian(s)/next of kin.

3. The name and address of the personal representative, if known.

4. A request for legal authorization to disburse from the decedent's personal funds.

Based upon the Guide for Organizational Representative Payees, when a beneficiary dies the following must occur:

For **Social Security Administration (SSA) Benefits** – Beneficiary must return payment for the month of death. Social Security benefits are paid one month in arrears. See example:

A Social Security beneficiary dies in June, and SSA does not learn of his death in time to stop the payment that is made in July representing payment for June, the month of death. The benefit paid in June (which is for May) is to be retained by beneficiary. If a payment is made in July (which is for June) it must be returned.

For SSI Benefits – Beneficiary is allowed to retain the payment received for the month of death. See example:

An SSI beneficiary dies on June 4. The beneficiary can retain the payment received in June. If you receive a payment in July it must be returned.

Please refer to the Guide for Organizational Representative Payees, Pages 36-38 for any additional information or clarification. The guide can be found at: https://www.ssa.gov/payee/NewGuide/toc.htm.

For reimbursement of costs from any remaining balance in the deceased's estate, DDSN shall follow the procedures set forth in DDSN Directive 505-02-DD: Death or Impending Death of Persons Receiving Services from DDSN.

VII. TRANSFER OR DISCHARGE

Unspent Social Security or SSI funds that the Residential Habilitation Provider holds on behalf of a beneficiary belongs to that beneficiary. When the Residential Habilitation Provider is no longer payee for that beneficiary, the provider must immediately return all conserved funds, including interest, as well as cash on hand, to the Social Security Administration (SSA) so that SSA can transfer the funds to a new payee or to the beneficiary directly if he or she no longer needs a payee. Within ten (10) business days after exiting residential habilitation or transferring to a new residential habilitation provider, a check from his/her personal funds account should be forwarded to the new residence along with a copy of his/her most current financial statement.

VIII. PROCEDURES AND FORMS

Providers are responsible for developing and implementing procedures and forms that adhere to the principles and objectives stated in this directive. Attached to this directive are examples of forms that providers may use for guidance. Providers may use these forms, develop new ones or combine the two as long as the procedures implemented conform to the principles and objectives in this directive.

IX. FREQUENTLY ASKED QUESTIONS

Following is a list of frequently asked questions with references to the appropriate section in this directive:

1. **Would it be appropriate to develop separate directives for each of the different residential programs?** (See Applicability Section)

   The intent of this directive is to give providers minimum guidelines for managing personal funds and to let them implement those guidelines in their own settings. These guidelines address the basic requirements for sound financial management of a fiduciary responsibility and they apply equally regardless of the particular residential program. Therefore, only one directive is necessary.

2. **What is a provider's responsibility for the use of personal funds when the provider is not representative payee for the individual?** (See Section II. Custody of Personal Funds)

   The provider is only responsible for the personal funds which they hold. If another person is representative payee and has custody of a person's personal funds, the provider is not financially responsible for those funds. The provider does have a responsibility with respect to the use of personal funds in that a Financial Plan should be included in or referenced by a person's overall plan. Provider staff should periodically (annually at a minimum) review the Financial Plan and determine if it is being carried out with regard to paying fees, providing for identified needs as planned, and maintaining eligibility for governmental benefits. This review should include information from the representative payee who has custody of the person's personal funds. The Financial Plan should be updated as needed. If a person owes his/her provider any fees, it is the provider's responsibility to bill the individual or his/her representative payee and to follow up on collection of the fees.

3. **Should it be a requirement that the Provider be named representative payee?** (See Section II. Custody of Personal Funds)

   The Social Security Administration is solely responsible for determining representative payee status. Generally, Social Security accepts requests for representative payee status from any person and/or entity that is facilitating payment being sent to a person's residence. The person or provider (acting on his/her behalf) may file an appeal with Social Security for review of representative payee status. Providers should always appeal any time abuse of representative payee status is suspected.

4. **Is it necessary to bond all employees who have any access to personal funds? Will the bond require significant additional expense for providers?** (See Section IV. Financial Management)

   Yes, it is absolutely necessary to bond all employees with access to personal funds. Purchase of a bond to cover employees, if properly structured, should not cause significant additional expense. The bond should provide coverage for all personal funds. In considering a bond purchase, two main factors should be considered:

   - The deductible amount, and

   - The description of the employees to be covered.

   Each provider should determine an amount of money **(**deductible**)** that they are willing to pay from their organization's funds should personal funds be misappropriated or lost. The higher a provider sets this deductible amount, the lower the cost of the bond. Since certain staff have access to only a minimum amount of funds, the deductible amount may have the effect of eliminating certain staff positions from the coverage. Remember, the provider must cover all losses that do not meet the deductible amount.

   When purchasing a bond, generally it is better to describe the staff positions that need coverage rather than list individual staff names. This lowers the cost of the bond and also makes administration of the bond easier since no change in coverage has to be made when staff changes occur. In most cases, it is easier, and not costly, to obtain blanket fidelity bond coverage for all employees.

5. **What are the policy safeguards to protect the interests of two or more person when financial obligations are shared?** (See Section III. Financial Rights)

   The policy safeguards in this situation are the same safeguards that cover all activities with regard to personal funds. Providers should have:

   - An agreement among the Program Team members on the need to share financial obligations.

   - Documentation of any shared expenses must be addressed in the Financial Plan.

- Periodic reviews of each participating person's Financial Plan for compliance with regard to use of personal funds to pay shared obligations.

6. **Do the checking accounts for personal funds have to include the representative payee's name in the account name? Should the account be a joint account?** (See Section IV. Financial Management - B, "Required Procedures for Managing Personal Funds in Individual Accounts")

   If a person can manage his/her own funds, the account should be in that person's name. If the account is not in the person's name (due to programmatic or other reasons) and the provider is the representative payee, the account should be set up in a manner that shows the fiduciary relationship of the provider to the person. The account should clearly indicate the ownership of the funds by the person. Examples of such account names are:

   - ABC County DSN Board, Representative Payee for Joe Smith.
   - Joe Smith, by ABC County DSN Board, Representative Payee.

   - Margaret Smith, Representative Payee for Joe Smith.

   Joint accounts with a person, staff member, or a caregiver as co-owners are strictly prohibited.

7. **What is the advantage of a collective account versus individual checking accounts?** See Section IV. Financial Management – B., "Required Procedures for Managing Personal Funds in Individual Accounts" and C., "Required Procedures for Managing Personal Funds in a Collective Account."

   The main advantage of a collective account is administrative ease. With a collective account, there is generally only one bank account to reconcile instead of many. This can represent a significant staff time-savings, especially when residential staff may not be familiar with bank reconciliations. A collective account may have some advantages in interest earnings since many small balances are accumulated into one larger balance.

   The main advantage of personal checking accounts is programmatic. These accounts are the most normal, least restrictive way of doing business. They also provide the opportunity for persons to learn how to handle banking and money matters in the community.

   Some people argue that collective accounts give greater financial control over personal funds by not allowing residential or program staff direct access to funds. With either collective or personal accounts, residential staff have the responsibility of using the funds in accordance with each person's Financial Plan and documenting exceptions to the plan.

8. **How can a provider make sure that an individual does not use all of his/her funds and then have insufficient funds to pay the fees due the provider?** (See Section IV. Financial Management)

   An individual's overall Plan should have attached or at least make direct reference to a Financial Plan that, if followed, would ensure that provider fees are paid. The residential staff responsible for implementation of the Financial Plan must ensure that it is being followed. Any financial issues addressed in the Financial Plan should be monitored by the plan manager. If the Financial Plan is not being followed, it must be addressed the same as any other life skills problem. A plan to change the behavior should be developed and implemented.

9. **How much cash should be kept on hand in a residence? And under what procedure does cash get to be on hand in a residence?** (See Section VI. Cash on Hand)

Section VI: Cash on Hand states that the amount of cash an individual may have on hand should be determined on an individual basis and documented in his/her Financial Plan. The maximum is $50.00 unless an exception is programmatically supported. The $50.00 maximum applies to the total amount of cash held both by a person and a staff member on his/her behalf at the residence.

A person receives cash through his/her weekly spending amount. The amount of cash drawn as weekly spending should be stated in the Financial Plan. A person may draw the full weekly allowance each week unless the full draw would cause the cash on hand to exceed the stated maximum for that person.

The maximum amount that should be on hand in any residence would be the total sum of all maximums for the persons living in that residence.

<u>EXAMPLES</u>:

<u>Total Cash on Hand in a Residence</u>:

In Residence 1 there are four (4) residents. Residents A, B and C each have personal cash on hand maximums of $50.00. Resident D has maximum cash on hand of $40.00. The greatest amount of cash that could be on hand in that residence would be $190.00 ($50.00 + $50.00 + $50.00 + $40.00). When counting all cash on hand, the cash in each person's possession and the possession of staff on his/her behalf should be totaled. So, if Resident A had $10.00, Resident B had $5.50, Residents C and D had no cash, and the staff had cash in envelopes or a cash box that totaled $130.00, Residence 1 would have $145.50 cash on hand and would therefore be within the maximum allowable. If; however, the cash held by the staff was $185.00, the total cash on hand would be $200.50 and the maximum allowable would be exceeded.

<u>Individual Cash on Hand</u>:

In the previous example where the staff held $130.00, if $50.00 of that belonged to Resident A, then Resident A would have a total of $60.00 on hand (the $10.00 he/she held plus $50.00 held by the staff). This would <u>exceed</u> his/her maximum of $50.00 stated in his/her Financial Plan. However, if of the $130.00 total $35.00 belonged to Resident A, his/her total cash on hand would be $45.00 and therefore would be within the personal maximum limited.

<u>Draws of Weekly Spending</u>:

In this example a person has a stated weekly spending maximum of $25.00 and a maximum amount on hand of $45.00 as per his/her Financial Plan. (Both amounts should be stated in his/her Financial Plan.) At the beginning of week one (1) he/she has a total of $5.00 on hand so the full weekly spending amount of $25.00 may be drawn. If during week one (1) he/she draws $25.00 in cash and spends $23.00, then at the beginning of week two (2) he/she has $7.00 on hand ($5.00 + $25.00 - $23.00). If during week two (2) he/she draws $25.00 and spends $10.00, then at the beginning of week three (3), he/she would have $22.00 cash on hand ($7.00 + $25.00 - $10.00). During week three (3), he/she would not be able to draw the full weekly amount of $25.00 because it would cause him/her to exceed the Financial Plan stated maximum of $45.00 ($22.00 + $25.00 = $47.00). (Problems with weekly spending draws can be managed by setting the maximums at levels the person can realistically spend cash on hand.)

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Barry D. Malphrus
Vice Chairman

Stephanie M. Rawlinson
Chairman

To access the following attachments, please see the agency website page "Current Directives" at: https://ddsn.sc.gov/providers/ddsn-directives-standards-and-manuals/current-directives

ATTACHMENTS:

Attachment A:	Statement of Financial Rights
Attachment B:	Fee Schedule
Attachment C:	Statement of Financial Responsibilities
Attachment D:	Application for Benefits and Management of Funds Authorization
Attachment E:	Sample Financial Plan

RELATED DIRECTIVES:

200-01-DD:	Cash on Hand Maintained at the Residential Level
200-02-DD:	Financial Management of Personal Funds
200-09-DD:	Fees for Residential Services in Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICFs/IID) Facilities
505-02-DD:	Death or Impending Death of Persons Receiving Services from DDSN
604-01-DD:	Individual Clothing and Personal Property