

# POLICIES AND PROCEDURES MANUAL

KEYSTONE COMMUNITY RESOURCES, INC.

KEYSTONE INDEPENDENT LIVING, INC.

**Policy Title:**

Management of Resident Funds

**Chapter:**

5 Fiscal

**Effective Date:**

3/15/2006

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5-100-001

**Executive Director**

## SCOPE:

- Chapter 2380 – Adult Training Facilities
- Chapter 2390 – Vocational Facilities
- Chapter 3800 – Child Residential and Day Treatment Facilities
- Chapter 6400 – Community Homes For Individuals With Mental Retardation
- Chapter 6500 – Family Living Homes
- Supported Living Program

## INTRODUCTION:

To assure proper accounting and management of resident funds handled by KCR/KIL

Keystone Community Resources (KCR)/Keystone Independent Living (KIL) recognize the right of every person to manage his/her personal finances to the best of his/her ability. Residents served, shall be involved to the greatest extent possible in banking and the interdisciplinary team. Residents shall also be involved to the greatest extent feasible in making decisions about their personal expenditures. The family/legal guardian and/or supports coordinator shall be consulted in instances where a resident's ability to participate is limited. Keystone Community Resources/Keystone Independent Living does not act as representative payee for any resident. Exceptions due to extraordinary circumstances must be approved by the Chief Executive Officer (CEO).

Employees, who have the responsibility to handle funds on behalf of a resident, accept a fiduciary role with legal obligations and responsibilities. This fiduciary role requires the employee to act in a trustworthy and confidential manner and to be financially responsible for the funds.

As part of the legal, fiduciary responsibilities and obligations, employees are responsible for sound management of funds, including: all required accounting, documentation and reporting of such management.

### Overview

The annual service plan shall include a financial plan to ensure the satisfaction of current and future needs as determined by the interdisciplinary team. This includes:

- Planning for the resident's benefits,
- Money management training (if applicable)
- Anticipated spend down plans

Handling resident's funds involves the following:

- Direct Deposit is highly recommended
- Make prompt bank deposits of all checks/monies received on behalf of the resident (Recommended: within 5 business days).
- Deposit all checks intact, with cash monies withdrawn separately for spending.
- Use funds solely for the benefit of the resident and in accordance with any applicable regulations concerning use of funds.
- Document by receipt and financial record each single expense exceeding \$15.00 (Resident receipts are highly recommended). Actual expenses under \$15.00 must be documented on the financial record/cash on hand ledger.
- Meet financial obligations and assure that such charges to the resident are made accurately and fairly, including but not limited to: room and board charges, medical/dental expenses, taxes, clothing, personal spending, etc.
- Assure that the room and board charges are made in accordance with applicable state regulations.
- Obtain authorization prior to purchase from the Program Coordinator (DSC) for any single expenditure over \$100.00 (excluding clothing items) and up to \$500.00 for any single expenditure. Any single expenditure over \$500.00 and up to \$1000.00 will require Residential Director approval prior to purchase. Any single expenditure over \$1000.00 will require prior approval from the Executive Director.
- Plan for expenditures for/with the resident in advance of the actual transaction.
- Maintain funds in the most secure manner possible. Financial records are considered legal business records and may not be removed from the premises owned and operated by KCR/KIL. Exceptions to this may only be authorized by the Residential Director or his/her designee.
- Commingling of funds is prohibited. Funds belonging to a resident shall not be commingled with petty cash, personal funds of other residents or staff, or general facility funds.
- Keep no more that \$100.00 dollars in cash – on – hand for a resident at the program site, unless authorized by the Residential director or his/her designee.
- Keep funds and relevant material in a secure area with accessibility limited to the staffs who has been assigned responsibility for managing funds. The majority of funds may be kept in resident bank accounts in the person's name with sole ownership resting with the person. If a resident's money is kept in an account with other resident's and the account is interest bearing, the amount of interest must be prorated according to each resident's balance.
- Group Checking accounts may be established for money management with separate records of deposits, withdrawals and interest. Any bank charges/fees to joint accounts are covered by KCR/KIL. If a resident's money is kept in an account with other residents and the account is interest bearing, the amount of interest must be prorated according to each resident's balance. At least two (2) individuals will be recognized as authorized signers for all joint accounts.
- Communicate/cooperate with the Representative Payee /Supports Coordinator to assure that the resident is receiving all benefits to which he /she is entitled such as Medical Assistance, Medicare,

Supplemental Security Incomes, Social Security, Veteran's Benefits, Black Lung, Railroad Retirement, Food Stamps, etc.

- Communicate/cooperate with the Representative Payee/Supports Coordinator to assure that funds are being used on behalf of the resident.
- Financial exploitation is considered abuse and subject to disciplinary action.

## **Accounting**

Monitor level of accumulated funds to assure that SSI and other benefits are not lost unnecessarily. Accumulated assets may not exceed the limit imposed by the government standards. This amount is reviewed and updated periodically by the Social Security Administration. The accounting for resident finances must occur as:

- A statement, signed upon admission, authorizing the company personnel to manage and account for a resident's finances must be obtained from the resident or parent/guardian.
- An account of all monies received and expended on behalf of the resident will be maintained as transactions occur. Residents who have the ability to manage their own funds will document that funds were received.
- By the fifth day of each month, the financial record for the previous month for each resident who maintains a saving account will be submitted to the DSC for review.
- Financial records for residents utilizing a checking account must be submitted to the DSC by the 15<sup>th</sup> of each month.
- The DSC must review, sign, and submit the financial records to the Business Office for auditing purposes by the 20<sup>th</sup> of each month.
- Extensions must be approved by the business office prior to the 20<sup>th</sup> of each month.

## **Financial record**

This record includes the balance of each account including all checking, savings, burial accounts and cash – on – hand. This record includes dates of all deposits and withdrawals, a description of each transaction and the check number (if applicable). Receipts must be attached for each single expense of \$15.00 or more. Expenditures under \$15.00 require itemized documentation. This record will be signed by the resident (if capable), the preparer, the DSC or Residential Director, and the auditor. (*See Attachment A: Financial Record*).

## **Audit**

An audit of resident funds will be conducted as follows:

- The Financial Record will be reviewed and signed off monthly by the DSC for legitimacy of expenses.

- The DSC will conduct at least one spontaneous, unannounced, on – site program audit per month. Each financial record will be audited monthly by the Business Department. Reports of these audits will be made available to the administration.
- Upon resignation of an employee handling funds, an audit, release, and assignment of all funds must occur. The DSC is responsible for informing the Business Office of any employee changes.
- Errors, questions or concerns arising from the audit will be documented in writing and sent to the staff person responsible for the resident’s funds, the DSC, Residential Director, Executive Director, and Chief Financial Officer (CFO). All issues must be corrected within seven (7) working days.
- When there is a discrepancy between the record of funds and the actual funds, the discrepancy must be reported immediately to the Executive Director or his/her designee. An investigation of the discrepancy will be conducted. Alleged misuse of funds will be treated as a reportable incident and reported to appropriate persons in accordance with current regulations.
- If there has been a miscounting, loss, or irresponsible use of funds, the employee responsible for the monies shall reimburse the funds found to be discrepant and shall face disciplinary, and/or legal action.

## **Receipts**

The following additional considerations apply to use of resident funds and must be adhere to by all staff. Receipts must be obtained for all single expenditures in excess of \$15.00 dollars. Expenditures of \$15.00 or less require a written account on the Financial Record specifying how the money was spent. An acceptable receipt is generated by the vendor and should include the following information:

- Name of vendor (i.e. name of store/restaurant).
- Accurate address of vendor (if applicable).
- Date of transaction.
- Total amount of sale.
- Description of item/service.

Staff must be vigilant and assertive to assure that accurate receipts are obtained. Staff should examine each receipt prior to leaving the establishment to assure its accuracy and completeness. Be assertive with vendors about your need for a receipt. Most people will comply when you explain that you are in charge of another person’s funds.

In the event that a receipt is unavailable or lost, the staff person responsible shall prepare a signed and dated, handwritten receipt with the total amount paid and specific items or service purchased.

## **Resident Expenditures**

Residents are not required to purchase items covered by their room and board payment. (*See Attachment B: Room and Board*).

Examples of resident expenditures:

### **Activities**

Residents are responsible for their personal cost related to activities, such as but not limited to: movies, bowling, dances, baseball games, etc.

Residents are responsible for specific costs related to special events and overnight trips (*See Attachment C: Special Events and Overnight Trip Keystone Community Resources Cost Breakdown and Special Events and/or Overnight Trip Keystone Independent Living Cost Breakdown*).

### **Other Expenses from Individual funds**

Clothing

Personal supplies, including hygiene items, craft supplies, movies or games

Stamps, stationary, envelopes

Private phone line

Private computer line, internet services

Cable TV services above basic cable

Newspapers, Magazines for personal use

Dining out instead of eating at residence, when it is resident's choice\*.

\*Choice must be documented

Public transportation to activities, home visits

Reimbursement for personal long distance calls

Personal over-the-counter medicines; co pays for prescriptions items.

### **Supporting Personal Choice**

**KCR/KIL supports personal choice in purchases for the residents (for example, choice of bedroom décor, food items) within reasonable expense limits. Residents however may prefer their own furnishings or supplies to those provided by KCR/KIL. A resident or his/her family member or guardian will not be restricted from exercising the personal choice to own items, rather than utilize what is provided through his/her room and board payment under the following conditions:**

- The resident and/or his/her guardian, advocate, or representative payee has received documentation identifying what is already covered by the residents Room and Board payments.
- Representative payees or a resident's family are encouraged to make payment directly to a vendor instead of sending money through the residents account handled at the Keystone Residence.
- The resident and/or his/her guardian advocate, or representative payee indicates their intent to purchase their own furnishings or supplies in place of those provided by Keystone. This must be documented in writing.

- If the resident's ability to communicate his/her choices is limited, direction from the legal guardian or family advocate in writing will be accepted. If the resident has no legal guardian, family advocate, or payee, the Case Manager or Supports Coordinator will document in the individual's service plan the interdisciplinary team's best understanding of furnishings and supplies, if any, that resident prefers in place of what Keystone provides.
- Keystone will document the cost difference if a resident purchases supplies covered by room and board because of a preference for a more expensive product.

**A resident or his/her family member, guardian, representative payee or case manager/ Support coordinator may choose to spend down an individual's personal funds on items provided by Keystone under the resident's room and board payments in order to maintain eligibility for benefits.**

- Spend down plans that include using a resident's money for furnishings or supplies covered by Room and Board payments to Keystone will be documented in writing by the family member, guardian, representative payee or included in the individual's service plan by the case manager/ Support Coordinator.
- Representative payees or a resident's family are encouraged to make payment directly to a vendor instead of sending money through the resident's account handled at the Keystone Residence.

### **Irrevocable Burial Reserve Account**

These will be established for residents who are interested and who have sufficient financial resources to meet present and projected financial needs. Consultation with family, guardian, representative payee, and supports coordinator should occur. Documentation of the burial account will be located in the residential file. The last known balance will be noted on the financial record.

### **State Rent Rebate Program**

Residents who are eligible for participation shall apply for the State Rent Rebate Program. In most instances, the rent rebate funds will be utilized to reimburse county funding.

### **Restitution**

A resident's personal funds or property may be used as payment for loss or damages if the resident responsible for the loss or damage is capable of giving consent and agrees to make restitution for the damages. A legal guardian or representative payee may also give consent for the use of the resident's funds. A written record of consent is required for each incident of restitution.

### **Loans/Soliciting**

Residents are prohibited from borrowing money from residential staff, program petty cash funds, or other residents. If a resident is in need of money to meet expenses, the following procedure shall be used:

- The family/guardian/representative payee will be contacted as a source of revenue.

- Special arrangements may be made through the Business Office to supply temporary loans for residents in need of funds. Written request for temporary loans are made by the Residential Manager together with the DSC and the Residential Director and submitted to the Business Office for approval.
- Loans are treated as any other source of income/expenditure and as such, are recorded on the Financial Record for the person.
- Repayment of loans from the person is required as soon as the person has funds available.

Under no circumstances will a staff person borrow or accept gifts or money from a resident or solicit a resident to purchase goods or services.

### **Personal Property Inventory**

An inventory of personal property of those items such as clothing and furniture purchased by and used exclusively by the resident is maintained in their record. Items purchased by the person will be used exclusively by the resident unless free and informed consent is given for borrowed use. The resident's are discouraged from lending personal property. The personal property inventory is considered as part of the accounting system.

An inventory of personal property is conducted upon admission and annually thereafter. An addendum is completed as possessions are acquired or discarded. Property purchased or received by the resident valued in excess of \$15.00 dollars must be added to the inventory at the time of receipt in order to assure an up – to – date record. The DSC reviews the personal property addendums on a quarterly basis.

### **DISCUSSION:**