

## Residences/Group Homes - Financial and Administrative Arrangements

**Document Number** PD2005\_512

**Publication date** 01-Mar-2005

**Functional Sub group** Corporate Administration - Governance  
Corporate Administration - Fees

**Summary** Financial and administrative arrangements to be followed in the management of residences/group homes.

**Author Branch** Finance

**Branch contact** Finance 9391 9175

**Applies to** Area Health Services/Chief Executive Governed Statutory Health Corporation, Board Governed Statutory Health Corporations, Affiliated Health Organisations, Ministry of Health, Public Hospitals

**Distributed to** Public Health System, Ministry of Health, Public Hospitals

**Review date** 30-Dec-2017

**Policy Manual** Not applicable

**File No.** 21050

**Previous reference** 86/87

**Issue date** 16-Apr-1986

**Status** Active

### Director-General

This Policy Directive may be varied, withdrawn or replaced at any time. Compliance with this directive is **mandatory** for NSW Health and is a condition of subsidy for public health organisations.

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# CIRCULAR

<b>File No</b>	21050
<b>Circular No</b>	86/87
<b>Issued</b>	16 April 1986
<b>Contact</b>	Finance 9391 9175

## FINANCIAL AND ADMINISTRATIVE ARRANGEMENTS TO BE FOLLOWED IN THE MANAGEMENT OF RESIDENCES/GROUP HOMES

With the purchase, lease or rental of community residential units under programmes for persons having a mental illness and persons having a developmental disability it is necessary to establish financial procedures relating to the operation of these residences.

Residences may be operated under Second and Third Schedule Hospitals or by other non-government organisations and where necessary specific reference has been made. In the case of other non-government organisations the circular is issued as a guideline but where grants are made to such organisations the following conditions are to apply:

- (a) The provisions of this circular are to be included as conditions to the grant;
- (b) The right for audit of the accounts by representatives of the Department be a condition of the grant;
- (c) As a condition of the grant the voluntary agency be required to submit a statement of receipts and payments each quarter and a copy of its audited annual accounts. The annual accounts to include a Statement of Receipts and Payments. This requirement relates to operations undertaken for which the grant has been made.

Distributed in accordance with circular list(s):

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In accordance with the provisions incorporated in the Accounts and Audit Determination, the Board of Directors, Chief Executive Officers and their equivalents, within a public health organisation, shall be held responsible for ensuring the observance of Departmental policy (including circulars and procedure manuals) as issued by the Minister and the Director-General of the Department of Health.

## **Financial Procedures for the Operation of Residences (Group Homes)**

It is the responsibility of the Chief Executive to ensure that responsible persons in control of all personnel having custody, management or control of House or resident funds and/or property are familiar with the relevant sections of the Accounts & Audit Determination and other instructions issued by the Department applicable to their duties.

The following conditions should be applied to the administration of residences (Group Homes) operated by health organisations.

### **1. Managing House Finances**

For the purpose of managing house finances an account is to be opened for each residence or for a group of residences. The account in each case should be titled “....House Operating Account”, should be opened at a local bank or building society and be operated using two signatures on cheques or withdrawals. These signatories are to be staff who work in or are associated with the particular residence.

In the case of houses operated by health organisations the approval of the respective Chief Executive or delegate needs to be obtained to the opening of such accounts.

The following basic procedures, at least, must be observed by staff in respect of the House Operating Account:

- A simple cash book (Appendix I) showing receipts and payments is to be maintained. All payments (including petty cash) are to be supported by documentation which is to be filed and held for audit/inspection.
- All major domestic items costing more than \$30 must be paid for by cheque and the dockets/receipts retained on file.
- A receipt book (numbered receipts) is to be maintained and receipt numbers are to be listed in the cash book.
- Banking is to be carried out regularly and at least weekly. When receipts exceed \$50 banking must be done that day.
- A petty cash float (max. \$200) will need to be established. The float must be balanced at least weekly. The maximum amount payable from petty cash is \$30 per item.
- The cheque book and petty cash float are to be kept in a secure place with access restricted to person/s responsible.
- The Operating Account is to be reconciled monthly and the reconciliation, signed by any two cheque signatories, maintained in the cash book or some other permanent record. A financial statement (Appendix II) of operations for the month and year to date of the House Operating Account for each residence must be presented each month to the Chief Executive. At least every three months the accounts are to be examined and the financial statement is to be signed by a nominated officer of the Chief Executive.

- Any excess of receipts over payments for any residence is to be held in that residence's House Operating Account for operating contingencies and the purchase of special items as decided upon by the residents. It is the responsibility of the health organisation to ensure that staff involved with purchases from House Operating Accounts are aware of the limits of their authority. Any purchase of major items (television, washing machine, stereo) must be authorised by persons holding a specific delegation by the health organisation as required by the Accounts & Audit Determination.
- While it is expected that residences will be self-supporting there may be instances where this is not the case, e.g. residents are children. In such a case it will be necessary for subsidy to be paid by the health organisation to the House Operating Account.

Health organisation subsidies for funding shortfalls should be paid monthly/quarterly in advance and should be based upon a written claim, signed by a nominated officer of the Chief Executive, showing details of estimated receipts and payments, as well as details of cash on hand for the period in respect of which the subsidy is to apply.

The total of such subsidies is to be clearly and separately identified in the residence's financial statements.

## 2. **Residents' Finances**

- a. The residents should be assisted to handle their finances in a manner typical of an ordinary citizen. Staff should determine on an individual basis the level of assistance required and such assistance should be undertaken in such a way as to educate the resident in the management of his or her personal finances.
- b. A savings account should be established for each resident in his/her name. Where in the opinion of the staff members and the resident or his/her representative the resident needs the protection, the withdrawal authority must stipulate the signature of both the resident and a responsible staff member, or, in the case of a resident who cannot sign on his/her own behalf, the signatures of two responsible staff members or the signature/s of nominated representative/s. Appropriate arrangements will need to be made with banks, building societies, etc., in accordance with these procedures. It is stressed that for the protection of staff and residents that where such assistance is necessary that efforts must be made to involve relatives and/or citizen advocates.
- c. Where a resident is responsible for regular outgoings (mortgage payments, rent, maintenance payments, etc.) and these payments are of a set amount, it may be appropriate for arrangements to be made with the chosen financial institution to remit regular payments on the resident's behalf. This arrangement must of course be with the consent of the resident or his/her representative/s.

- d. Where the resident draws upon his/her account, the responsible staff member should, as far as possible, ensure a record is maintained of the item or purpose for which the amount is withdrawn. This procedure is essential where staff members sign on behalf of residents.
- e. Where the resident has an inheritance or savings in excess of \$2,000 the following options should be considered:
  - i. Where the resident formally gives consent, the services of a qualified professional (e.g. accountant, stockbroker) may be engaged, and/or;
  - ii. The funds are to be invested in accordance with the ***Public Authorities (Financial Arrangements) Act 1987*** which is considered by the Department of Health to comply with the requirements of the ***Trustee Amendment (Discretionary Investments) Act 1997***. Information regarding organisations with whom funds can be invested in accordance with this Act is shown separately within this Manual (see Investments).
  - iii. Application can be made under the ***Protected Estates Act 1983***, for the Protective Commissioner to manage the affairs of the resident. Such application should seek to have the funds for investment managed by the Protective Commissioner and for delegation to be granted for the resident's current account to continue to be administered by the staff members or resident's representative/s.
- f. The residential staff should keep a register of all property entrusted to them by, or on behalf of, each resident. The register should detail the value, description, identification, date of purchase and disposal of any such property. When the property is returned to the resident, his/her signature should be obtained to verify the transfer of responsibility. If the resident is unable to sign, the transfer should be witnessed by a responsible person and signatures of the person handing over the property and the witness obtained. Property so held by the staff should be kept in a secure place with access limited to authorised staff. A small safe may need to be acquired for this purpose.

### 3. General

#### a. Board and Lodging

Charges for board and lodging are only to be applied to the personal income of residents. Charges are to be two-thirds of the invalid pension plus eighty per cent of the supplementary assistance rate.

If a pensioner client is not in receipt of supplementary assistance, arrangements should be made for application.

The maximum charge applicable relates to pensioners and non-pensioners. The rate to be charged is two-thirds of personal income to this maximum.

The rental component of the board and lodging charge is to be thirty per cent of the charges made.

**b. Payment of Rental**

Group homes may be established under a variety of arrangements. In some cases, houses may be specifically purchased, in other cases leased commercially or from the Housing Commission and in other cases existing Department of Health housing utilised.

For simplicity of operation, rental is to be paid from the operating account of each house on the basis previously established (30% of charges) to the health organisation. Responsibility for payment of rental, rates, mortgage payments, etc., if applicable, will then rest with the health organisation.

Payment of rent from the House Accounts is to be made to the health organisation every month. The health organisation concerned should then clear the rental monthly unless the lease specifies some other period. Where houses are controlled/owned by an Area the money may be utilised as "User Charges" revenue.

**c. Payment for Food and Miscellaneous Items**

Food is to be purchased from funds held in the House Operating Account and as far as practicable it is to be part of the training of residents to involve them in purchasing of daily and weekly requirements.

As part of the program residents are to be taken to shopping centres and taught how to purchase such requirements. This may involve payment by cheque or cash. Where cash is involved the following procedures are to be followed:

- A cheque drawn on the Operating Account is "opened" and cashed;
- Residents are taken shopping and make purchases and pay cashier in cash;
- The shopping cash register strip of purchases is filed with a covering voucher indicating the amount involved;
- Any excess cash is receipted and banked the receipt being filed with the voucher and shopping strip.

Where deliveries are made (milk, bread, etc.) and are paid by cheque, residents should be made aware of these operating costs and generally trained in the operation of the house. A similar system should apply with the payment of service accounts, viz. gas, electricity.

Documents supporting payments should be filed in cheque number order and held for audit/inspection.

d. **Asset Registers**

Asset Registers must be maintained and are to include:

- A record of plant, machinery, motor vehicles, tools, furniture, office equipment, scientific apparatus, books and appliances;
- A record of books issued on loan;
- A suitable register for all works of art.

In assigning values for inclusion in financial statements the record required to be maintained shall apply to items costing more than \$5,000 with a useful life of more than two years. However, the following attractive items are also to be recorded:

- Computer and Ancillary Equipment
- Typewriters
- Calculators, Adding Machines, etc. costing more than \$200
- Safes
- Technical Equipment, Instruments, Cameras, etc.
- Audio and Video Recording Machines
- Works of Art
- Any other items considered by the Chief Executive or by the delegated officer to be at risk of loss by misappropriation.

Any items acquired from House Funds which qualify as reportable assets in the financial statements need to be recognised as Area revenues (Donations/ Industry Contributions). Such revenues would however, not normally be expected.

Administrative control shall be kept of the usage rates of all items exempted from being recorded as plant. Requisitions for unrecorded items shall be supported by a statement of the reasons for procurement, and where appropriate, the date and quantity of the last supply. The approving officer should be satisfied of the need for the quantity requisitioned. All "unrecorded plant items" shall be entered in a Goods Inward Book or other appropriate record as received.



Where it is considered by the health organisation or by an officer with authority delegated by the Chief Executive that there is no significant risk, certification of this should be made in writing and retained on file and thereafter the maintenance of plant records for office furniture (including tables, chairs, document trays, lockers, cupboards, filing cabinets, floor coverings, etc.) may be discontinued.

Stores shall, upon receipt and if practicable, be stamped, impressed or otherwise marked in an indelible manner with the mark of the health organisation or department and once so stamped, impressed or otherwise marked, if to be disposed of other than by health organisation or departmental use shall be further marked to show that ownership by the health organisation has ceased.

For each items of plant (except exempted items) the following shall be recorded:

- Date of Receipt
- Purchase Price
- Location
- Serial or other distinguishing number, identification marks, brands or machine numbers
- List of Accessories
- Provision for entry of disposal details
- Any other relevant particulars.

When stores are transferred from a house to another centre without a charge being made for their value, a transfer advice giving full details shall be completed in triplicate and the original and duplicate shall be sent to the receiving officer who shall on receipt of the stores sign the original and return it to the despatching officer.

Registers should be checked against physical items at least annually and a return showing any discrepancies must be submitted to the Chief Executive or delegate. Any adjustment requires the formal approval of the Chief Executive or delegate.

### **Procedures with Receipting and Banking**

Appendix (III) sets out some general accounting procedures for the assistance of staff involved in the operation of these houses.

### **Audit Requirements**

All residences (group homes) are to be subject to review by Area Health Service internal auditors and Department of Health Inspectors/Auditors. The operation of the residences/group homes is also to be brought to the attention of appointed Area Health Service external auditors.

## HOUSE OPERATING ACCOUNT

## APPENDIX I

## CASH BOOK

## RECEIPTS

## PAYMENTS

DATE	RECEIPT NO.	NAME & PARTICULARS	PERIOD	RENT	FOOD	MISC	BANK	DATE	PARTICULARS	CHQ	RENT	FOOD	MISC	TOTAL
		Balance b/fwd		-	297.00	328	625	26/1/86	St.George Hosp.	1	142			142
24/1/86	1	J.Jones - B & L	20-26/1	28.40	37.60	5.0	71	26/1/86	Food	2		216		216
26/1	2	Repay - food			15.00		15	"	Phone - Telecom	3			105	105
"	3	J.Smith - B & L	"	28.40	37.60	5.0	71	"	SCC - Electric	4			223	223
"	4	B.Black - B & L	"	28.40	37.60	5.0	71		Balance c/fwd	-		284	25	309
"	5	S.Slack - B & L	"	28.40	37.60	5.0	71							
"	6	B.Green - B & L	"	28.40	37.60	5.0	71							
				142.00	500.00	353	995				142	500	353	995

## APPENDIX II

### FINANCIAL STATEMENT OF HOUSE OPERATING ACCOUNT

FOR MONTH ENDED.....

Balance of Funds at commencement		xxx
Add: Receipts		
Accommodation charges	xxx	
Other (give details)	<u>xxx</u>	
		<u>xxx</u>
Total Receipts		xxx
Less: Payments	xxx	
Rent	xxx	
Food	xxx	
Electricity/Gas	xxx	
Other (give details)	<u>xxx</u>	
Total Payments		<u>xxx</u>
Balance of Funds		<u>xxx</u>
Balance as per bank statement		xxx
Add: Outstanding deposits		<u>xxx</u>
		xxx
Less: Unpresented cheques		<u>xxx</u>
		<u>xxx</u>

Signed: .....  
House Manager

**GENERAL PROCEDURES WITH RECEIPTING AND BANKING**

**1. Variation of Signatures on House Operating Account**

- a. Approval of the Area Health Service must be obtained to a change in signatories to the account and this formal approval must be held on file.
- b. Forms for variation of signature on banking accounts are obtained from the bank. Subject to the necessary approval being obtained they should be completed and lodged with the bank.

**2. Stoppage of Payment of Cheques and Issue of Replacement Cheques**

- a. Where it is necessary to stop payment on a cheque the bank should be immediately notified.
- b. The bank form for stoppage of cheques should be completed by officers having authority to stop payment on cheques.
- c. An appropriate notation must be made against the related entry in the cash book and noted on the payment voucher.
- d. The bank form where acknowledged by the bank should be filed with the payment voucher.
- e. Before any replacement cheque is issued an adequate check must be made to ensure that the original cheque has not been paid by the bank and that the stoppage of payment has been effected.
- f. Particulars relating to each stopped cheque should be recorded in a "Stopped Cheque Register" kept for that purpose. The following particulars should be entered:
  - details of stopped cheque, reason for stoppage, confirmation of stoppage, authorisation to replace cheque and details of replacement cheque.

**3. Opening of Cheques**

Cheques will need to be "opened" to obtain cash for regular shopping (groceries). Also there may be occasions where the payee requests that the cheque be opened.

Where a cheque is opened at a payee's request his/her identity must be established and endorsement of the payee obtained on the cheque. Acquittances must be obtained for all opened cheques and a Record of Cheques Opened be maintained in which is recorded the cheque number, reason for payment and the cheque signatories.

#### **4. Dishonoured Cheques**

A cheque dishonoured after lodgement to a House Operating Account will be debited by the bank to the account. A corresponding entry will need to be made in the cash book.

On receipt of advice that a cheque has been dishonoured, except in cases of omitted or incorrect endorsement which can be rectified, communication immediately with the drawer of the cheque with a view to the correction of the irregularity or to obtaining a fresh remittance should be instigated. Such fresh remittance should be either cash or bank cheque.

The Area Health Services are to be advised of any dishonoured cheques.

#### **5. Stale Cheques**

Cheques unrepresented for six months are to be followed up and, if necessary, stop payments effected and replacements issued. Cheques are to be staled after fifteen months.

#### **6. Receipts**

A receipt is an official acknowledgement of moneys received and must be written in each case. The person receiving the money is responsible to ensure that all such money is banked.

All receipts must be drawn on official forms provided for the purpose and must be typewritten, written in ink or indelible pencil and must be signed by an authorised officer. Receipts drawn in error and cancelled must be securely held. A short explanation is to be made on each cancelled receipt including the number of any receipt issued in lieu.

Official receipt forms are not to be used for any purpose other than the original acknowledgement of the receipt of moneys. Duplicate receipts are not to be issued. A letter may be furnished, if necessary, giving particulars of the receipt originally issued.

Where one person's cheque is received in payment of an amount due by another person the name of the drawer of such cheque is also to be entered on the receipt and receipt butt or carbon copy of the receipt.

Under no circumstances is change to be given on a cheque.

Receipts should only be mailed where the payer has specifically requested a receipt.

## **7. Handling of Remittances**

All cheques, bank drafts, money orders or postal orders received shall be crossed "Not Negotiable" immediately on receipt.

All unidentifiable and surplus remittances are to be banked and then investigated. Any problem in this regard is to be reported to the Area Health Service.

## **8. Deposit Forms for Bank Accounts**

Deposit forms showing all details of cheques deposited shall accompany all deposits to bank accounts. The bank will receipt the duplicate copy remaining in the deposit book. Where the account has been allocated a MICR account number, an encoded deposit slip, supplied by the bank is also to be completed and lodged with the deposit.

## **9. Payment by Cheque**

- a. It is the responsibility of each cheque-signing officer to establish that the amount of the cheque agrees with the amount due to the payee as shown on the vouchers, that it is drawn in favour of the payee as shown on the voucher, or is in accordance with his/her order and that the vouchers are certified and authorised.
- b. Cheques are drawn against each voucher and the cheque numbers are recorded on the face of the voucher.
- c. Spoilt cheques should be shown in the cash book to explain the break in continuity on the vouchers.
- d. Cheques are to be drawn "to order" and crossed "Not Negotiable - Account Payee Only".
- e. Amounts payable to be expressed in words and figures.
- f. All cheques shall bear two signatures.
- g. Any alterations on cheques must bear the full signature of the cheque signatures.