



1 **TABLE OF CONTENTS (UPDATED 10-1-2014)**

2 **STATUTORY POLICY5**

3 **PLAN ADMINISTRATION5**

4 **MANAGEMENT OF RECEIPTS.....7**

5 **CASH MANAGEMENT OVER RECEIPTS7**

6 **Daily Deposit and Reporting Act G.S. 147-77 And G.S. 147-69.17**

7 **DHHS Policies to Assure Compliance.....7**

8 **Deposit With the State Treasurer7**

9 **Third Party Checks Not Deposited.....7**

10 **Time Of Deposit Required For State Funds - DHHS Policy8**

11 **State Treasurer Approved Exceptions To Daily Deposit Of State Funds Under The Authority Of G.S.**

12 **147.77).....8**

13 **Deposit Of Funds Donated To State Facilities9**

14 **Deposit of Moneys Received in Trust - Statutory Requirement9**

15 **DHHS Policy Governing Deposit of Patient/Student Personal Funds9**

16 **Acceptance of Funds as Trustee Policy12**

17 **Authorization of Bank and Investment Accounts Policy.....12**

18 **Funds To Be Deposited In The Form Received - Statutory Requirement12**

19 **Control Over Cash Receipts Policy.....12**

20 **Cashiering Operations Policy.....13**

21 **Receipt Of State Or Client Funds By Employees Other Than The Designated Cashier, Mail**

22 **Opener Or Ward/Unit Staff Persons15**

23 **Processing Policy For Mail Containing Cash Receipts15**

24 **Check Cashing Services Policy16**

25 **Sales Receipts Policy16**

26 **Drawing, Receiving And Depositing Federal Funds Policy17**

27 **Returned Check Fee Policy18**

28 **Deposit of State Warrants Policy.....18**

29 **State Treasurer’s Deposit Procedures18**

30 **Returned Items - State Treasurer’s Policy18**

31 **Deposit of Foreign Checks - State Treasure’s Policy.....19**

32 **Money Deposited in Error - State Treasurer’s Policy19**

33 **Management Of Receipts - Other Techniques Employed - OSC Policy19**

34 **RECEIPTS - REQUIRED COMPONENTS OF DHHS CASH MANAGEMENT PLAN RESPONSIBILITIES MATRIX**

35 **SUPPLEMENTS.....21**

36 **ACCOUNTS RECEIVABLE/BILLING23**

37 **Billing and Collection - Statutory Requirement23**

38 **Minimum Information To Be Collected From Clients And Debtors OSC Policy.....23**

39 **Reporting Summary Accounts Receivable to the Sate Controller OSC Policy23**

40 **Responsibility For Accounts Receivable Systems, Policies And Procedures23**

41 **Agency Defined Receivable Systems - OSC Policy.....24**

42 **Time Of Billing For Accounts Receivable - DHHS Policy24**

43 **Specific Collection Techniques - DHHS Policy25**

44 **Use Of Collection Agencies And Credit Bureaus - DHHS Policy25**

45 **Collection Of Audit Disallowance For Local Governments - DHHS Policy25**

46 **Collection Of Audit Disallowances From Other Grantees - DHHS Policy26**

47 **Payment Terms And Dunning Accounts - DHHS Policy26**

48 **Referral of Accounts to the Attorney General- OSC Policy27**

49 **Publications and Information Request Billings28**

50 **Lien Filing On Past Due Accounts For DMH/DD/SAS Facilities Exception DMH/DD/SAS-328**

51 **Collection of Public Assistance Overpayments By County Departments Of Social Service28**

52 **Inter-Agency Billing - Supporting Documentation.....29**

53 **Recovery Of Cost Of Care And Treatment At DHHS Facilities- Policy EXCEPTION-**

54 **DMH/DD/SAS-429**



55 Ability To Pay Determination and Compromise of Accounts At DHHS FacilitiesError! Bookmark
56 not defined.

57 Allowance For Uncollectible Accounts For DHHS Facilities 32

58 Deferred Payment Plans DHHS Policy 32

59 Local Governments - Public Assistance Debt 32

60 Local Governments - Audit Disallowances 32

61 Hospitals, Nonprofits and Higher Education Agencies - Audit Disallowances 32

62 Employees – Salary Overpayments 32

63 Deferred Repayment Plans for Cost Of Care And Treatment For Patients Of The Regional Psychiatric
64 Hospitals, Special Care Centers, Mental Retardation Centers, Schools For Emotionally Disturbed
65 Children, And Alcohol And Drug Treatment Centers Listed In G.S. 143-117 33

66 Medicaid Providers Deferred Repayment Plans Authorized 33

67 Garnishments, Liens And Judgments - DHHS Policy 34

68 Write-off Of Uncollectible Accounts - DHHS Policy 34

69 Write-off Procedures 34

70 Write-off of Interagency Receivables 35

71 Accounting for Receivables Written off 35

72 Redetermination of Ability to Pay Policy 35

73 Write-offs - DHHS Management Approvals Required 35

74 Write-offs - Balances of \$25 or Less 36

75 EFT To Be Used In Collection Of Local Share Of Public Assistance Benefits From Counties .. 36

76 Credit Cards Not Accepted by DHHS 36

77 Interest and Penalty Fees - G.S. 147-86.23 Statutory Requirements 37

78 Debt Setoff Collection Against Individual Income Tax Refunds Policy 37

79 In-house Set-Off For Medicaid Provider Receivables 38

80 Reporting To The State Controller 38

81 ACCOUNTS RECEIVABLE/BILLING - REQUIRED COMPONENTS OF DHHS CASH MANAGEMENT PLAN

82 RESPONSIBILITIES MATRIX SUPPLEMENTS 39

83 MANAGEMENT OF DISBURSEMENTS..... 41

84 Funds Remain on Deposit Until Disbursement to Ultimate Payee 41

85 No State Funds May Be Expended Without An Authorized Budget 41

86 Monthly Expenditure Reporting Requirements for Local Governments and Others Receiving
87 Funding from DHHS 42

88 Pre-Audit of Disbursements Policy 42

89 Credit Card Disbursements 45

90 Credit Card Disbursements 45

91 Information From Private Organizations Receiving State Funds, Information From State
92 Departments And Agencies Providing State Funds G.S. 143-6.1 45

93 Mailing Checks Policy 45

94 Federal and Other Reimbursements Must Be Repaid To The Source Of State Funds 45

95 Financing Reimbursable Expenditures With State Appropriations Policy 46

96 Reconciliation of Bank Accounts Policy 46

97 Uncashed Public Assistance Checks Policy 46

98 Interagency Transfers And Payments Policy 46

99 Disbursements To Local Governments Policy 47

100 Time Of Payment For Goods And Services Received Policy 48

101 Disbursement Cycles Policy 48

102 Advance Of Financial Assistance Funds Policy 48

103 Advances to Area MH/DD/SAS Authorities 51

104 Capital Project Disbursements for DMH/DD/SAS 53

105 Employee Travel Advances Policy 53

106 Purchasing From Or Through State Employees Policy 54

107 Escheat Law - Unclaimed Property 54

108 Imprest/Petty Cash Fund Policy 54

109 Revolving Funds Policy 55



110 **Patient/Student Personal Funds Disbursement Policy**.....56

111 **Employee Time Sheets Required to Document Charges To Federal Grant Programs and**

112 **Contracts Policy**.....57

113 **DHHS Contract Reimbursement Request and Certification Policy**57

114 **DISBURSEMENTS - REQUIRED COMPONENTS OF DHHS-CASH MANAGEMENT PLAN RESPONSIBILITIES MATRIX**

115 **SUPPLEMENTS**.....58

116 **MANAGEMENT OVER INVENTORY AND SUPPLIES**.....62

117 **CASH MANAGEMENT OVER INVENTORY AND SUPPLIES**.....62

118 **Inventory Quantity On Hand Policy**.....62

119 **Purchase Requisition Policy**.....62

120 **The Fixed Asset System (FAS) Responsibility**63

121 **INVENTORY AND SUPPLIES -- REQUIRED COMPONENTS OF DHHS CASH MANAGEMENT PLAN**

122 **RESPONSIBILITIES MATRIX SUPPLEMENTS**64

123 **APPENDIX**67

124 **ATTACHMENTS**.....68

125 *Attachment 1 - Request for Exception of Cash Management Plan Policy/Approval*.....69

126 *Attachment 2 – Nursing Facility Surety Bond Proceeds - Opinion of the Attorney General*.....70

127 *Attachment 3 - Memorandum of Agreement Between the Division of Facility Services and the Division of*

128 *Medical Assistance Concerning Nursing Facility Surety Bonds*71

129 *Attachment 4 - Standard Procedure for Deposit of Funds Exempt From the Daily Deposit Act*.....72

130 *Attachment 5 - DHHS Exemptions From the Daily Deposit Act – State Treasurer’s Approval Letters*.....73

131 *Attachment 6 - DHHS Mail Cash Receipts Log Form*74

132 *Attachment 7 - State Treasurer’s Letter – Handling Checks Where State is a Joint Payee*.....75

133 *Attachment 7 - State Treasurer’s Letter – Handling Checks Where State is a Joint Payee*.....75

134 *Attachment 8 – Deferred Payment Agreement for DHHS Facility Patient/Guarantor*.....76

135 *Attachment 9 - DHHS Ability to Pay Agreement*.....78

136 *Attachment 10 - DHHS Facility - Procedure for Determining Patient’s Ability to Pay*.....79

137 *Attachment 11 - Sample Collection Letters*.....83

138 *Attachment 12 - DHHS Certification of Cash Needs*86

139 *Attachment 13 - Example Institution Personal Funds Policy*.....87

140 *Attachment 14 - Delegation Of Disbursing Authority to DHHS Controller*.....98

141 *Attachment 16 – DHHS Cash Management Plan Responsibilities Matrix Supplement - Sample Forms and*

142 *Instructions*101

143 *Attachment 17 - Wake County District Attorney's Worthles Check Program*.....110

144 *Attachment 18 - DMH Memorandum of Agreement and Notice of Daily Charge Rate*.....110

145 *Approved Requests for Exception of Cash Management Plan Policy Forms*.....113

146

147



TABLE OF CASH MANAGEMENT POLICY EXCEPTIONS

148

149

150 Exception DHHS 1 – DHHS Policy Governing Deposit of Patient/Student Personal Funds 9

151 Exception DHHS 2 – State Treasurer Approved Exceptions To Daily Deposit of State Funds 8

152 Exception DHHS 3 - Time of Billing Policy for Medicaid, Medicare and Third Party Insurance 24

153 Exception DHHS 4 – Exceptions to Charging Penalty and Interest 35

154 Exception DHHS 5 – Use of Collection Agencies 27

155 Exception DHHS 6 -CCO Deposit on the Date the Payment is Identified and Balanced 8

156

157 Exception DHSR 1-Cash receiving sites outside of DHHS Office of the Controller 13

158

159 Exception DMA 1 - Division of Medical Assistance Is Authorized To Accept Bond Proceeds
In A Trustee Capacity for A Failed Nursing Facility 12

160 Exception DMA 2 - Medicaid – Collection of Recipient Overpayments 27

161 Exception DMA 3 - Third Party Checks - Not Deposited 7

162 Exception DMA 4 - Medicaid Providers Deferred Repayment Plans Authorized 33

163 Exception DMA 5 – Provider Recoupment of Less Than \$50 Repealed

164

165

166 Exception DMH/MR/SAS 1 – Deposit of Patient’s Personal Funds (See Exception DHHS-1) 9

167 Exception DMH/MR/SAS 2 – Employee Check Cashing Service Caswell Center 17

168 Exception DMH/MR/SAS 3 – Lien Filing On Past Due Accounts For DMH/DD/SAS Facilities Repealed

169 Exception DMH/MR/SAS 4 – Recovery of Cost of Care and Treatment at DHHS Facilities 28

170 Exception DMH/MR/SAS 5 – Deferred Repayment Plans for DMH/MR/SAS Facilities Repealed

171 Exception DMH/MR/SAS 6 – Write-off and Compromise of Patient Accounts by
Mental Health Commission Repealed

172

173 Exception DMH/MR/SAS 7–Advances to Area Mental Health Authorities/Local
Management Entities 49

174

175 Exception DMH/MR/SAS 8 – Thomas S. and Willie M. Medicaid Billing Repealed

176 Exception DMH/MR/SAS 9 – Review of Credit Card Billings for Physician References 42

177 Exception DMH/MR/SAS 10 – Employee Check Cashing Service Walter B. Jones ADATC 17

178 Exception DMH/MR/SAS 11- 3 way contract fund advances for LME/MCO’s 51

179

180 Exception DSB 1 - Exception to Daily Deposits – Rehabilitation Center Training Stand 8

181

182 Exception DSD&HH 1 - Exception to Daily Deposits – Schools at Morganton and Wilson 8

183

184 Exception DPH 1 - Exception to Daily Deposit – Epidemiology Section 8

185 Exception DPH 2 - Advance of federal WIC Program Funds 48

186 Exception DPH 3 - Advance of Child and Adult Food Program and Summer Feeding Program 49

187 Exception DPH 4 - Advance of federal Ryan White HIV/AIDS Funds, Repealed 6/20/2013 Repealed

188 Exception DPH 5 - Advance of federal HIV Prevention Funds 50

189 Exception DPH 6 - Exception to Daily Deposit-Women’s and Children’s Health Section, CDSA 8

190 Exception DSS 1 - Exception to Waive Requirement to Budget State Funds For Advance
Payments in the Low Income Home Energy Assistance Program 48

191

192

193 Exception ORDRH 1-Waiver of Monthly Expenditure Reporting Requirements 40

194

195 Exception DCD 1- Advance of federal CCDF Discretionary Funds 48

196

197 Exception NCCDD 1- Advance of federal Administration Developmental Disabilities Funds 48

198

199 Exception OEO 1- Advance of federal Low Income Home Energy Assistance Program Funds 48

200 Exception OEO 2- Waiver of Budgeting of Sate Funds Under CSBG/ARRA Advances 49

201

**Exception DVRS 1- Waiver of Encumbrance of Client Based Contracts in NCAS**

62

Statutory Policy

North Carolina law, Chapter 147-86.10 of the General Statutes, requires that "all agencies, institutions, departments, bureaus, boards, commissions and officers of the State shall devise techniques and procedures for the receipt, deposit and disbursement of monies coming into their control and custody which are designed to maximize interest-bearing investment of cash and to minimize idle and nonproductive cash balances."

Plan Administration

The State Controller, with the advice and assistance of the State Treasurer, the State Budget Officer and the State Auditor, is charged with developing and implementing a uniform statewide plan to carry out the cash management policy for all State agencies. The DHHS Cash Management Plan (CMP) outlines the policies, duties, responsibilities and requirements for cash management within State government on a broad basis generally and within the Department specifically. It is the responsibility of each agency, department and division and institution to implement the provisions of this plan in their respective agency. Any exceptions or deviations from the DHHS Cash Management Plan must be approved by the DHHS Controller's Office.

The DHHS Cash Management Plan is comprehensive and includes all Divisions and Institutions. A DHHS Cash Management Plan Responsibilities Matrix Supplement form (See Attachment 16) will be prepared for each division/institution that designates the primary and secondary employees by position number that are responsible for the cash management duties identified in this plan. All employees of DHHS shall adhere to the provisions of the DHHS Cash Management Plan. G.S. 147-86.11-I states that "A willful or continued failure of an employee paid from State funds or employed by a State agency to follow the Statewide Cash Management Plan is sufficient cause for immediate dismissal of the employee".

The North Carolina State Controller, under the provisions of G.S. 143-3.2 has exclusive responsibility for issuance of all warrants for the payment of money upon the State Treasurer. The State Controller has delegated via an agreement dated July 1, 2001 to the Department of Health and Human Services Controller, the authority to make disbursements through disbursing accounts established with the State Treasurer for the North Carolina Department of Health and Human Services.

The DHHS Controller (position number 60037445) is identified as the individual who has cash management responsibility, and who is responsible for the DHHS Cash Management Plan. The DHHS Controller's Office Section Chiefs will prepare the DHHS Cash Management Plan Responsibilities Matrix Supplement forms (Matrix) (See Attachment 16) by branch for each of the cash management functions that fall in their area of responsibility. Divisions and institutions will complete the Matrix form for division positions that perform any of the cash management functions listed in the Matrix. The DHHS Cash Management Plan will be submitted for approval to the Office of the State Controller. The approved DHHS Cash Management Plan and the approved division/institution Matrix forms will be maintained on file in the DHHS Controller's Office for review by the Office of the State Controller and Office of the State Auditor.



253 The DHHS Controller's Office Section Chiefs will be responsible for obtaining approval from the DHHS
254 Controller for any exceptions to the policies stated in the DHHS Cash Management Plan that are within
255 their functional areas of responsibility. Division and institution directors will request approval of
256 exceptions from the DHHS Controller for any non-conforming policy or activity under their supervision.
257 Requests for exceptions are to be submitted in writing to the DHHS Controller for review and approval
258 utilizing Attachment # 1, DHHS CMP Request for Exception of Cash Management Plan Policy/Approval
259 form. Exceptions are effective upon approval by the DHHS Controller, and will be filed with the official
260 copy of the DHHS Cash Management Plan maintained in the DHHS Controller's Office. DHHS
261 Controller's Office Section Chiefs and division/institution directors will prepare revisions to division and
262 institution Matrix forms for the cash management functions they supervise within 30 days of a cash
263 receipting or disbursement process change or when the position responsible for a cash management
264 function listed in the Matrix is changed. The text of the DHHS Cash Management Plan will be updated for
265 approved changes annually. If a cash receipting or disbursement process change is not in accordance
266 with this plan, implementation shall not occur until such time as the DHHS Controller has approved. Any
267 existing procedures that do not comply with the minimum standards herein shall be modified in
268 accordance with these standards as soon as possible or an exception must be requested.
269

270 All DHHS cash management activities are subject to State and Federal Privacy and Security laws
271 regarding client health information. DHHS protects the confidentiality of client health information in the
272 performance of its' operational missions as outlined in the DHHS Privacy and Security Manual
273 (referenced at the following URL: <http://info.dhhs.state.nc.us/olm/manuals/dhs/pol-80/man/index.htm>).
274

275 Cash Management can be divided into two areas:
276

- 277 • Management of receipts, including accounts receivable policy toward prompt billing of
278 amounts due to the State and acceleration of deposits, and
279
- 280 • Management of disbursements, including timely payments of amounts due from the State to
281 all vendors.
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I. Management Of Receipts

A. Cash Management Over Receipts

The objectives of cash management over receipts are to use diligence in collecting funds owed to the State, to provide internal control over cash and cash equivalents and to expedite the movement of monies collected into interest bearing accounts. To accomplish these objectives, the DHHS Cash Management Plan includes these rules:

1. Daily Deposit and Reporting Act G.S. 147-77 And G.S. 147-69.1

All funds belonging to the State of North Carolina, in the hands of any employee of the Department shall daily deposit the same with the State Treasurer or with the bank or trust company designated by the Treasurer, in the name of the State Treasurer, at noon, or as near thereto as may be, and shall report the same daily to said Treasurer. Except as otherwise provided by law, all funds belonging to the State of North Carolina, received by an employee of DHHS in the normal course of their employment shall be deposited as follows:

a) DHHS Policies to Assure Compliance

(1) Deposit With the State Treasurer

Except for patient and student personal funds, divisions and institutions of the Department of Health and Human Services shall deposit all funds with the State Treasurer or approved State Treasury depository unless prior approval for use of another account is approved by the Office of the State Treasurer through the DHHS Controller's Office. Such approval will be considered when clearly justified by law. Checks that are not payable to DHHS divisions, institutions, or the State of North Carolina or that are not received by DHHS under the terms of an authorized trust, agency or representative payee agreement shall be returned to the payor. Money orders with altered payee designations must also be returned to the payor. Deposit of non-State funds other than authorized trust or agency funds, creates a trustee relationship that is prohibited in item 1-b. below. For the same reason, the State Treasurer has requested that multi-party checks that include the State as one of multiple payees not be deposited with the State Treasurer.

(2) Third Party Checks Not Deposited – Exception DMA 3

In the course of DHHS business, checks are periodically sent to the Division of Medical Assistance or the DHHS Controller's Office where the State is a payee, but has only a limited or no interest. In these instances, upon certification of the degree of the State's interest in the item by an appropriate Division representative, the DHHS Controller's Office endorses the check. Usually these items are arising from an insurance settlement with the Third Party Recovery Section, and the item is returned to an attorney for escrow disbursement to all involved parties. (See Attachment # 7 referring to this.)



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(3) Time Of Deposit Required For State Funds - DHHS Policy
To be considered in compliance with the law according to the *State Treasurer's Banking Services Handbook*, DHHS agencies will deposit all funds on the following schedule:

	<u>Time Received</u>	<u>Deposit Deadline</u>
(a)	8:00 A.M. to 12:00 Noon	Deposit by 2:00 P.M.
(b)	12:00 Noon to 5:00 P.M.	Deposit by 5:00 P.M., but not later than 2:00 P.M. the next business day.

(4) State Treasurer/State Controller Approved Exceptions To Daily Deposit Of State Funds Under The Authority Of G.S. 147.77(Exception DHHS-2)

The State Treasurer and the State Controller have granted daily deposit exceptions for the following DHHS cash receiving sites. Funds received by these sites must be deposited at least weekly, however, a deposit must be made on any day that cumulative checks and cash received total \$250.00 or more.

- (a) Division of Services for the Blind, training stand, located at the Rehabilitation Center (See Attachment 5-a) Exception DSB 1
- (b) Office of Education for the two schools for the deaf (Wilson and Morganton.) (See Attachment 5-b) Exception DSD&HH 1
- (c) Division of Public Health Epidemiology Section, Veterinary Public Health Program (See Attachment 5-c) Exception DPH 1
- (d) DHHS, Office of the Controller, Child Support Centralized Collections Operation (CCO): Payments received by the CCO will be deposited on the day that the payor is properly identified and the identified payment has been balanced.
- (e) DHHS, Office of the Controller, Child Support Centralized Collections (CCO): Payment instruments made payable to a county entity (i.e. Wake County Child Support) can be deposited because a "delegation of authority to deposit" form has been signed by all the appropriate North Carolina County Managers.
- (f) Division of Public Health Women's and Children's Health Section, Children's Developmental Service Agency (See Attachment 5-d) Exception DPH 6.



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- (5) Deposit Of Funds Donated To State Facilities**
In accordance with G.S. 122C-185 all monies and proceeds of property donated to any State facility shall be deposited into the State Treasury and accounted for in an appropriate fund as determined by the DHHS Secretary and approved by the Office of State Budget and Management (OSBM). All monies and proceeds of property donated for which there are special directions for their application and the interest earned on these funds shall be spent as the donor has directed, and except as required for deposit with the State Treasury, shall not be subject to the provisions of the Executive Budget Act except for capital improvement projects.
 - (6) Deposit of Monies Received in Trust - Statutory Requirement**
Monies received in trust for specific beneficiaries for whom the employee-custodian has a duty to invest shall be deposited with the State Treasurer under the provisions of G. S. 147-69.3.
 - (7) DHHS Policy Governing Deposit of Patient/Student Personal Funds - DHHS Exception 1**

 - (a)** Patient/student personal funds do not belong to the State of North Carolina and are not required to be deposited or invested with the State Treasurer under the provisions of G.S. 147-69.1 (Refer to Attorney General Opinion issued October 31, 1986, on file with DHHS Controller's Office.) According to this opinion, "patient personal funds are not required to be expended and reported in accordance with the Executive Budget Act, and these funds are not required to be deposited with the State Treasurer". In addition, patient personal funds may not be invested with the State Treasurer or placed in any other type of investment account without the consent of the patient or legally responsible party. Accordingly, the following policy applies to all DHHS divisions where patient/student personal funds are deposited on behalf of patients or students: The DHHS institution or school director, in consultation with the DHHS Office of the Controller, is responsible for selecting the local financial institution for the personal funds depository account. The type of account selected may be an interest bearing or non-interest bearing checking account. The account used must be FDIC insured for the maximum anticipated balance. Deposits to this type account do not require consent and are not considered investments. The institution/school cashier is responsible for deposits to the local financial institution where personal funds are on deposit.



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- (b)** Personal funds received at the DHHS Accounts Receivable Section will be receipted by the designated cashier and deposited to a local branch of the financial institution designated by the institution/school director as the depository for personal funds.
 - (c)** Social Security and Veterans Administration (VA) benefit checks received by DHHS as representative payee on behalf of a client shall be deposited in a clearing account and prorated between the client's maintenance account and the personal funds account in accordance with SSA and VA regulations. See CBO policy on distribution of patient benefits.
 - (d)** Personal funds may be received by mail, the institution/school cashier or authorized ward/unit staff. Ward/unit staff will issue a pre-numbered receipt for all funds received and post the total amount received to the unit cash record. Funds received in excess of the maximum amount allowed to be retained for each patient/student on the ward/unit by the institution/school personal funds policy shall be turned over to the institution/school cashier in time for the next daily deposit with a copy of all receipts. Unit/Ward receipts not in excess of the allowed maximum for each patient/student may be added to spending money envelopes or given to the patients/students only after preparing a pre-numbered receipt for the total amount received and posting the total amount received to the unit money record. Unexpended personal funds remaining after trips, shopping and outings that exceed the ward/unit maximum allowance for the patient/student will be turned in to the institution/school cashier for deposit. The cashier shall issue a pre-numbered receipt for all personal funds ward/unit receipts received and deposit funds in the next daily deposit.
 - (e)** Due to the different populations served by DHHS institutions and schools, the institution or school director must establish a written policy on distribution, expenditure, accountability, and handling of patient/student personal funds. The institution director must submit the personal funds policy and any subsequent changes to the DHHS Controller for approval under this plan. Attachment 13 provides a copy of the approved Institution Personal Funds Policy for Central Regional Hospital as an example.



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- (f) A patient's or student's personal funds shall not be invested in any manner or placed any type account that is not insured by the FDIC. Individual patient's/student's funds shall be deposited in a combined interest bearing bank account insured by the FDIC. All interest earned must be distributed to each patient or student and no administrative fee may be charged for this service. The institution/school must keep a work sheet showing how interest is being distributed back to each patient's or student's account unless the personal funds account is maintained by the DHHS Controller's Office on an automated system that performs this function. A worksheet must also show distribution of the combined account balance to each patient's or student's account unless this function is performed by the DHHS Controller's Office on an automated system.
- (g) Patient Personal funds will be deposited into an interest bearing checking account in a commercial bank or credit union in an account titled "Institution/School Name Institution Trust Fund # XXXX" or other account description that does not implicitly or explicitly identify individuals cashing checks as DHHS clients. All interest earned, net of associated fees charged by the banking institution, shall be credited to the individual patient's or student's accounts based upon their balance in the account at the end of the month for which the interest was earned. The school/institution is responsible for issuing an IRS Form 1099 each year for each patient or student earning \$10 or more per year of interest on their personal funds deposited with the school/institution. If a patient or student has been discharged between the end of the month and the time the interest is allocated, and if the balance of their personal funds has been withdrawn, and if the interest allocable to the account is less than \$2, the interest will not be credited to the patient's or student's account. Allocable interest of less than \$2 will be added to the "Interest Over/Under Allocated" account to be included with the interest to be allocated the following month. This procedure has been adopted because of the administrative cost associated with processing checks for less than \$2 and the high incidence of uncashed checks for small amounts.
- (h) Due to patient average stays of less than 30 days at the Alcohol and Drug Abuse Treatment Centers (ADATCs), and the lack of sufficient patient funds to avoid the service charges associated with an interest-bearing checking account, these funds will be deposited into a non-interest-bearing checking account in a commercial bank or credit union in an account titled "*Name of ADATC Trust Fund # XXXX*".



539 **2. Acceptance of Funds as Trustee Policy**
540 Except where authorized to receive personal funds or benefit checks as
541 representative payee, no employee of the Department shall accept any funds in a
542 trust or agency capacity for any individual without prior approval of the specific
543 terms of the trust or agency agreement by the DHHS Controller and DHHS
544 Division of Budget, Planning and Analysis.
545

546 **Exception DMA 1 - The Division of Medical Assistance Is Authorized To**
547 **Accept Bond Proceeds In A Trustee Capacity For A Failed Nursing Facility.**
548 An exception to Section I-A.1.b above is approved for the Division of Medical
549 Assistance (DMA). DMA will act as trustee for the receipt of a failed nursing
550 home's surety bond for patients under the provisions of an Attorney General's
551 advisory memorandum dated March 31, 1995 and an agreement reached
552 between the Division of Medical Assistance and the Division of Facility Services.
553 (See Attachment #'s 2 and 3.) The agreement provides that the Division of
554 Medical Assistance is the responsible State agency for the receipt and
555 distribution of patient funds arising from a surety bond issuance upon the failure
556 of a nursing facility. Any such funds will be deposited in trust with the State
557 Treasurer and any interest earned will be distributed to the appropriate patients
558 in proportion to their participation in the total recovery.
559

560 **3. Authorization of Bank and Investment Accounts Policy**
561 Except as authorized under the DHHS patient and student personal funds policy
562 by an institution or school director, no employee of the Department shall open
563 any bank or investment account on behalf of other employees or residents of
564 State institutions without prior approval of DHHS Controller. Employee funds
565 must not be deposited in the name of the State, the Department, DHHS divisions
566 or institutions.
567

568 **4. Funds to Be Deposited In the Form Received - Statutory Requirement**
569 Monies received shall be deposited daily in the form and amounts received,
570 except as otherwise provided by law and approved by the State Treasurer
571 through the DHHS Controller.
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573 **5. Control Over Cash Receipts Policy**
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575 **a) Control Over Receipts Received by Mail**
576 DHHS divisions and institutions shall direct mail receipts to the
577 designated cash receiving site approved in the division or institution
578 Matrix supplement to this plan. A cash receiving site is any office that
579 has the approval of the DHHS Controller to receive and open mail
580 containing receipts. All mail receipts shall be logged in and forwarded to
581 a designated cashier in time for the next scheduled daily deposit. No
582 DHHS employee shall in any manner redirect mail receipts to a location
583 or address that is not authorized to receive receipts in the
584 division/institution supplement to this plan.
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b) Control Over Cash Receiving Site

Division directors shall request authorization from the DHHS Controller for each cash receiving site outside the supervision of the Controller's Office. As a condition of approval to operate a cash receiving site, the division director must complete/update the DHHS Cash Management Plan Responsibilities Matrix Supplement form (See Attachment 16), and adhere to the separation of duties requirements provided in Section B Receipts -- Required Components of DHHS-Cash Management Plan Supplements. Mail receipts that are misdirected by the payor to offices that are not designated as cash receiving sites are to be hand delivered to the division or institution cashier immediately. Billing and dunning notices shall direct payments only to the cash receiving site approved by the DHHS Controller in the division or institution supplement to this plan. Division directors will assure that division employees follow the procedures for receiving cash provided in this plan.

EXCEPTION: Due to their unique business environment, the Division of Health Services Regulation has been granted authorization to operate cash receiving sites at DHSR offices outside of the supervision of the Controller's Office although this is not intended to be permanent with the proposed implementation of e-commerce solutions.
Exception DHSR 1

c) Control Over Receipt Books

The business manager or budget officer of each DHHS division, institution and school shall be responsible for control of the stock of unissued receipt books and maintain an inventory record or log of receipt books received and issued. The inventory log shall provide the name of each employee to whom a receipt book is issued along with the beginning and ending receipt numbers. Staff that is issued receipt books will be responsible for returning any unissued receipts to the facility business manager when they are no longer authorized to receive funds on behalf of the facility. The numbers of any unissued receipts remaining in returned receipts books shall be entered on the receipt book inventory log. Completed receipt books will be turned in to the facility business manager who will retain them on file for audit for a period of three years from the end of the fiscal year in which the last receipt in each book is issued. The Chief of the DHHS Controller's Office Accounts Receivable Section shall be responsible for control of the stock of unissued receipt books for DHHS Controller's Office Raleigh based cash receiving operations and shall maintain a receipt book inventory log as outlined above.

6. Cashiering Operations Policy

The Chief of any DHHS section or branch authorized by the DHHS Controller to receive funds shall designate an official cashier and one backup cashier under the direction and supervision of the section chief or branch head. The duties of the cashier shall be to receipt and deposit all funds daily in the form and amount received, and to prepare daily cash reports. The cashier shall not be assigned duties inconsistent with those of cashier including preparation of NCAS accounting transactions, posting accounts receivable, etc. An official pre-numbered receipt shall be issued for all over-the-counter cash collections. The cashier receipts will not give receipts for checks unless requested by the payor.



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Two party checks may not be accepted. Checks shall be made payable to DHHS Division/institution for the exact amount due DHHS.



645 **7. Receipt of State or Client Funds By Employees Other than the Designated**
646 **Cashier, Mail Opener or Ward/Unit Staff Persons**

647 No DHHS employee will solicit collection of State or client funds for deposit
648 without authorization from his or her supervisor; however, any employee
649 receiving misdirected mail receipts shall deliver these funds to a designated
650 cashier immediately. Supervisors will not grant authorization to collect or receive
651 funds without a written delegation of authority from the DHHS Controller through
652 a division or institution director. Employees authorized to receive State or client
653 funds other than a designated cashier or mail opener will issue pre-numbered
654 receipts for all funds received outside of the designated cashier's office or mail
655 cash receiving office. Receipts will be prepared in triplicate with one copy for the
656 individual payor, one copy for the cashier, and one copy for the employee
657 collecting funds that is to remain in the cash receipt book for audit. The facility
658 business managers will issue pre-numbered receipt books to sites outside the
659 Controller's Office.

660 **8. Processing Policy for Mail Containing Cash Receipts**

661 **a)** Restrictive endorsement stamps will be issued to all mail openers and
662 cashiers.

663 **b)** Mail openers or the cashier which ever receives checks first will stamp
664 each check or warrant with the restrictive endorsement, "For Deposit
665 Only," North Carolina State Treasurer, by (Name of depositing Agency:
666 DHHS and Division or Institution Name), bank account or agency ID
667 number. For patient's personal funds the mail opener or cashier will
668 stamp the check with a restrictive endorsement "For Deposit Only –
669 Name of Institution –Account Number".

670 **c)** After endorsement of checks, mail openers will prepare a list of all cash
671 items received at each designated cash receiving site. The list shall
672 contain the date of receipt, check number, originator, bank, amount and
673 purpose of the payment if known. Designated cash receiving sites will
674 use the DHHS Controller Mail/Cash Receipt Log unless an alternate
675 procedure is authorized by the DHHS Controller. (See Attachment 6
676 which is available as an Excel spreadsheet.)

677 **d)** All cash receipts shall be turned in to the designated cashier with a copy
678 of the DHHS Mail/Cash Receipts log or cash receipt copies in time for
679 the 2:00 P.M. daily deposit of funds by the cashier. Funds received by
680 12:00 noon must be included in the 2:00 P.M. deposit to comply with the
681 Daily Deposit Act. See the State Treasurer's Banking Services
682 Handbook Page 12.

683 **e)** The Cashier will total the receipts and verify to the log totals, check for
684 proper endorsements, sign the log when in balance with funds received,
685 retain a copy of the log, and return the original signed log to the mail
686 opener. The cashier will then prepare the deposit ticket. Multiple deposit
687 tickets are not to be used to list checks. Cash and Checks are to be
688 prepared for deposit according to the instructions in the State Treasurer's
689 Banking Services Handbook Page 15.



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- f) All deposits with the State Treasurer will be reported daily to the State Treasurer using the Cash Management Control System (CMCS). A separate CMCS certification is required for each bank deposit. Multiple deposits may not be combined on one CMCS certification and a single deposit may not be reported on more than one CMCS certification. CMCS certifications are to be made immediately after funds are deposited. Delays cause undesirable situations.
 - g) The mail opener shall maintain the signed logs on file for audit by day of receipt for three years from the end of the fiscal year in which the funds were received.
 - h) DHHS policy is that mail openers and cashiers need not routinely copy checks as proof of receipt for the deposit file, however, certain types of checks with benefit remittance attachments may need to be copied to pass program information such as the beneficiary's name that is required for posting benefit remittances received from Medicare, Medicaid, private insurance, SSA, VA, and Medicaid third party collections to client accounts. The Controller's Office Section Chiefs will consult with the division and/or institution management to determine if copies of checks are needed for program purposes.
 - i) Where available, all DHHS cashiers may use the State Mail Courier who makes the State Treasurer deposit run daily or have a designated employee take the deposit directly to the Treasurer's Office or designated depository.
 - j) Checks and cash, which must remain in State offices over night, must be kept in a safe or other secure locked storage file/box/room.
9. **Check Cashing Services Policy**
Check cashing services for employees or the public will not be provided by any division or institution of the Department without prior approval by the DHHS Controller. **In no event shall checks be cashed from agency receipts since State law requires funds to be deposited in the form received.** Check cashing for students and clients is permitted only from a cash fund approved for this purpose. Check cashing for student's or client's guardian is permitted from check cashing funds when it is for the benefit of or on behalf of the student or client. In addition, no petty cash expenses shall be paid from agency receipts or funds not approved for petty disbursements.
10. **Sales Receipts Policy**
A daily sales report shall be prepared and signed by each employee who sells meal tickets or school athletic tickets. The sales report will reflect ticket numbers on hand at the beginning of the day, number tickets sold, unit price and total sales, cash received and ending ticket numbers on hand. The completed sales report, cash receipts and tickets on hand shall be turned in to the institution or school cashier for reconciliation of sales and deposit of sales receipts daily. The



747 cashier shall give a receipt to the employee for the total receipts turned in with
748 the sales report and note the ticket numbers returned to the inventory. Unused
749 ticket inventory and records shall be retained in locked safe or file by the
750 institution cashier for audit. The cashier or business manager shall be custodian
751 of unissued tickets and shall issue only the necessary supply of tickets in
752 accordance with institution policy to employees responsible for sales. The
753 cashier or business manager shall reconcile reported sales with the receipts and
754 any returned tickets to assure that the cash and the number of tickets returned is
755 correct. The cashier or business manager will maintain a log of ticket numbers
756 issued and returned to inventory.

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758 **11. Drawing, Receiving and Depositing Federal Funds Policy**

759 The DHHS Controller's Office will draw and receive all Federal funds for DHHS.
760 The DHHS Controller's Office will adhere to the State Controller's Cash
761 Management Directive for Federal Funds dated July 1, 1993 for the receipting,
762 disbursement and drawing of Federal funds.

763
764 **a)** Request for draws should be timed so that the funds are on deposit with
765 the State Treasurer no more than two business days prior to the
766 issuance of the disbursement by state warrant or payment by electronic
767 funds transfer.

768
769 **b)** State appropriated funds shall not be used to cover the Federal share of
770 any grant program expenditures when an advance of the Federal share
771 is available on or prior to the planned date of disbursement. Federal
772 funds must be requested in advance of the associated disbursement, but
773 be timed so that deposit of those funds occurs as close as practical to
774 the issuance of state warrant or payment by electronic funds transfer.

775
776 **c)** When practical Federal cash draws must be based on the actual Federal
777 share of disbursements of the award for which funds are being drawn
778 less Federal cash on hand, less the Federal share of any program
779 income or applicable credits. Reasonable estimates may be used when
780 the actual Federal share must be determined through allocations or from
781 provider, contractor, or sub grantee reports that are not available at the
782 time of disbursement. DHHS will allocate joint and indirect administrative
783 cost monthly and make a settlement draw for amounts due from each
784 Federal award. Funds may not be drawn in excess of awards authorized
785 or to cover cash shortages in another program or elsewhere.

786
787 **d)** The DHHS Controller's Office, Federal Grants Branch monitors the
788 availability of all grant awards prior to each cash draw and reports
789 deficiencies to the requestor of the Federal draw, however, projecting
790 Federal budget requirements, justifying requests for Federal grant
791 awards, revisions and sub-allocations is a division budget management
792 responsibility. The Federal share of direct program expenditures can be
793 monitored by requesting appropriate Information Expert Reports on-line.

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12. Returned Check Fee Policy

The State Cash Management Plan allows agencies to charge a return check fee in accordance with the procedures and process outlined in the State Cash Management Directive for Collection and Depositing of Processing Fees for Returned Checks Except Those Offered in Payment of Taxes. See Section III, Page 6. It is DHHS policy to charge a fee of \$25.00 for returned checks. See Section I.C.7.d) (4) on page 25 for the policy about depositing these fees. Also, new policy about posting notices can be found at Section I.C.7.d) (2) on page 24.

Exception to DHHS Policy of Not Cashing Checks and Charging a Returned Check Fee DMH/DD/SAS-2:

The DHHS Controller has authorized Caswell Center under **DMH/DD/SAS-Exception 2** and Walter B. Jones ADATC under **DMH/DD/SAS-Exception 10** to cash employee checks from an imprest cash fund established from employee benefit funds provided that the following rules are implemented:

- The maximum limit of any check is \$25.00.
- A return check charge of \$10.00 will be assessed.
- Two party or post dated checks will not be accepted.
- The institutions will enforce the General Statutes concerning State employees who owe money to the State to assure collection of bad checks.
- Check cashing service will be denied any employee that has cashed a bad check.

These conditions for cashing checks must be publicized in the employee newspaper or by other written correspondence and posted in a visible location at the Cashier's Office. Employee checks cashed will be deposited daily to reimburse the cash fund established for this purpose.

13. Deposit of State Warrants Policy

Monies received in the form of warrants drawn on the State Treasurer shall be deposited by State agencies directly with the State Treasurer and not through the banking system, unless otherwise approved by the State Treasurer.

14. State Treasurer's Deposit Procedures

All deposits of State funds directly with the State Treasurer or designated depositories will be handled according to the procedures and guidelines provided in the State Treasurer's Banking Services Handbook unless the State Treasurer approves an exception in writing. All exceptions must be requested through and approved by the DHHS Controller.

15. Returned Items - State Treasurer's Policy

Returned items: bad checks, errors in deposits, and money deposited in error shall be handled according to the procedures provided in the State Treasurer's Banking Services Handbook and DHHS Controller's Office internal procedure number AR603. Since child support bad checks require special handling, those procedures are outlined in DHHS Controller's Office internal procedure AR901. Bad checks are charged back to the debtor's account and are considered bad debts to be collected in accordance with the DHHS collection policies provided in Section I.C Accounts Receivable and Billing Policy.



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- 16. Deposit of Foreign Checks - State Treasurer's Policy**
Foreign checks are not to be included in a regular deposit. See the State Treasurer's Banking Services Handbook for the correct procedures.
- 17. Money Deposited in Error - State Treasurer's Policy**
Under no circumstances is a depository allowed to refund an agency's monies deposited in error without the express authorization of the State Treasurer's Office. Money deposited in error must be reported to the cashier's immediate supervisor who will verify the deposit error and contact the State Treasurer's Office to affect a refund. Cashiers may not authorize refunds of any kind.
- 18. Management of Receipts - Other Techniques Employed - OSC Policy**
In addition to adhering to these guidelines, DHHS is required to employ other proven techniques and procedures designed to maximize the interest bearing investment of State cash balances and to minimize idle and non-productive cash balances. Some of those techniques may include:
- a) Receipt of Federal grants payments by wire transfer when possible.
 - b) Special USPS post office boxes to facilitate the processing of large remittances.
 - c) Color coded mailing labels and envelopes to identify remittances for special handling.
 - d) Separate addresses to distinguish remittances from other mail.
 - e) Reassignment of personnel, or the hiring of temporary personnel, when this proves effective, to accelerate the processing of remittances during peak periods.
 - f) Deposits made by units outside Raleigh should be made with cash concentration banks designated by the State Treasurer.
 - g) The evaluation and establishment of lock boxes for high volume remittances in areas that are geographically distant from the nearest State agency office. Lock boxes are locked banking institution, financial institution and USPS post office boxes tended by banking agents. These allow quicker cash collection in areas that are not served by agency offices.
 - h) The use of remittance processing equipment when justified by the volume of deposits.
 - i) Establishing billing schedules that are both efficient and lead to earlier receipt of monies due to the State.
 - j) Timing deposits in order to receive current day credit in accordance with schedules available from the State Treasurer.



899 **19. Electronic Payment Acceptance**
900 In accordance with G.S. 147-86.22(b) and the State Cash Management Plan,
901 DHHS will accept electronic payments for all divisions to the maximum extent
902 possible and consistent with sound business practices. The State Controller has
903 approved the DHHS Electronic Payments Business Plan which includes the
904 acceptance of debit and credit cards for payment. Please refer to the Cash
905 Management Plan Review Checklist, Attachment B entitled, *Electronic Payment*
906 *Program Internal Policies and Procedures*, dated April 13, 2004. Specific
907 practices pertaining to Electronic Payment Acceptance are detailed accordingly.
908 DHHS utilizes the Master Settlement Agreement (MSA) for electronic payment
909 processing and has established policies and procedures necessary to facilitate
910 the use of electronic payments. These policies and procedures will incorporate
911 the statewide electronic payment policies and procedures that can be found at:

912
913 <http://www.osc.nc.gov/SECP/index.html>

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915 DHHS is in the process of implementing the PayPoint Gateway Service as a
916 method of on-line payment capture. This service will be available to all Divisions
917 within DHHS. The PayPoint Gateway Service is an optional gateway service
918 provided by the OSC under Amendment Number 2 to the Merchant Services
919 Contract with SunTrust Merchant Services (STMS). In addition to a "payment
920 engine" (similar to what is offered by the Common Payment Service gateway),
921 PayPoint offers a "web consumer interface" component, also referred to as a
922 "presentment engine." An overview of this program is available through the below
923 link:

924
925 http://www.osc.nc.gov/SECP/SECP_PayPoint.html

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928 **20. Payments Accepted for Automatic Payments by Automated Clearing House**
929 **(ACH)**

930 The DHHS Office of the Controller accepts ACH debits (bank drafts) as a method
931 of payment for child support. The ACH debit transactions will also be processed
932 through the Centralized Collections Operation (CCO) vendor's Systems and
933 Methods, Inc. (SMI) web-site. Additionally, the DHHS Controller's Office will also
934 accept electronic funds transfers, ACH debits (bank drafts) and ACH credits from
935 employers as a method of payment for child support. These methods of
936 payments will also be coordinated with the Office of the State Controller.

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**B. Receipts - Required Components of DHHS Cash Management Plan Responsibilities Matrix Supplements**

The Cash Receipts Section of the *Cash Management Plan Responsibilities Matrix Supplement* (Matrix) will be completed by the Accounts Receivable Section of the DHHS Controller's Office and each division or institution that has any employees that are responsible for performing the below listed cash receiving functions. The following list of cash receiving tasks must be assigned to separate employees to assure proper internal control. The Matrix is to be updated and forwarded to the DHHS Controller for approval whenever physical locations or the assignment of listed tasks to positions changes. The Matrix forms and instructions for their completion are available in hard copy (see Attachment 16) or Excel workbook format from the DHHS Controller's Office Accounts Receivable Section. Any changes to a division or institution's approved *Matrix* must be approved by the DHHS Controller.

1. All cash receiving sites including locations that open and log mail receipts must be listed in the Matrix. A separate employee in each location designated as a mail cash receiving site must be assigned responsibility for opening mail and preparing the DHHS Mail Cash Receipts Log for all mail receipts. (See Attachment 6). The DHHS Mail Cash Receipts Log must be turned in with the cash items collected to a designated cashier. If more than one site receives mail or cash items, the Matrix must list the site location, position number(s) and types of cash items each receives.
2. A separate employee(s) must be assigned the duties of cashier for each location that is authorized to make deposits.
3. A separate employee(s) must be designated to complete the NCAS coding sheet and enter transactions into NCAS or personal funds accounts. This employee(s) must be separate from the employee who receipts the cash items (Cashier) and prepares the mail log. If more than one employee prepares remittance coding sheets and enters receipt transactions, the Matrix must list the position number and the type of receipts each processes (e.g. administrative, payroll, site drafts, refunds, etc.).
4. An employee(s) must be designated to enter the deposit into the State Cash Management Control System.
5. An employee(s) must be assigned responsibility for delivery of the deposit to State Treasurer or designated depository and returning the stamped deposit ticket to the cashier.
6. An employee(s) must be designated to reconcile the DHHS Mail Cash Receipts Log to the State Treasurer deposit verification and NCAS.
7. An employee(s) must be designated to process patient personal fund withdrawals and post to the patient personal fund accounts. A separate employee not associated with accounting for patient personal funds is to be assigned responsibility for monthly auditing of patient accounts.
8. An employee(s) must be designated to sell athletic tickets and/or meal tickets and complete the daily sales report to be turned in to the cashier with the cash received for ticket sales daily.



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- 9.** An employee(s) must be designated to determine the Federal and State cash requirements for each disbursement cycle.
 - 10.** An employee(s) must be designated to request Federal cash draws for each grant program.
 - 11.** An employee(s) must be designated to compute and record in the appropriate NCAS accounts earned Federal and other contract revenue monthly prior to closing of NCAS.
 - 12.** An employee(s) must be designated to balance NCAS cash receipts monthly with each subsystem that serves as a source system for posting transactions to NCAS or that maintains subsidiary detail information.



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C. Accounts Receivable/Billing

1. Billing and Collection - Statutory Requirement

In accordance with G.S. 147-86.20-27 monies due to a State agency by another governmental agency or by private persons shall be promptly billed, collected, and deposited. The following are DHHS Accounts Receivable Billing and Collection policies that insure proper accounting, timely billing and collection of funds due the Department. DHHS divisions and institutions will comply with the Office of the State Controller's Statewide Accounts Receivable Policy unless an exception to this policy is approved by the Office of the State Controller (OSC) through the DHHS Controller. The following accounts receivable management policies and procedures are submitted for review and approval by OSC in accordance with G.S. 147-86.21.

2. Minimum Information To Be Collected From Clients And Debtors - OSC Policy

Unless otherwise prohibited by law, DHHS shall collect the following minimum information from all clients and debtors in accounts receivable and other debt collection tracking systems. DHHS shall use the information for the purpose of billing, dunning, locating debtors and legal action as necessary to recover debts due the Department.

- a) Full Name and any previous name
- b) Home and office address
- c) Telephone numbers - home and place of employment
- d) Federal employer identification number EIN
- e) Social Security Number for individuals or sole proprietorships contracting with the State
- f) Date of Birth.
- g) For other individuals, Social Security number and /or driver's license number may be requested but not required except as specifically provided for in law.
- h) Place and type of employment, employer's address and previous employer if employed less than two years in present job.
- i) A credit bureau report may be required depending on the amount of the potential receivable and the guidelines of the particular agency or institution. Due to the high incidence of indigent clients and patients, DHHS does not use credit reports.

3. Reporting Summary Accounts Receivable to the State Controller - OSC Policy

DHHS will provide the Office of the State Controller a complete report of the Departments accounts receivable upon request. DHHS must report outstanding Accounts Receivable balances within 45 days of the end of each quarter.

4. Responsibility For Accounts Receivable Systems, Policies And Procedures - OSC Policy

Within DHHS, the Controller shall be responsible for developing systems that are adequate to properly account for and report accounts receivable. DHHS divisions and institutions shall not develop, implement or operate any billing, accounts receivable or debt tracking system without prior written approval of OSC through the DHHS Controller. The DHHS Controller shall be responsible for developing and implementing policies and procedures that adhere to the collection policies and guidelines established by the State Controller and the Attorney General.



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5. Agency Defined Receivable Systems - OSC Policy

DHHS operates a number of agency defined accounts receivable and billing systems. The major DHHS defined accounts receivable and billing systems are:

- a) HEARTS (Hospital Enterprise Accounts Receivable Tracking System) – HEARTS produces Medicaid, Medicare, third party insurance and patient bills. HEARTS maintains patient account details for the DMH/DD/SAS institutions.
- b) Medicaid Cost Settlement Receivables – NCAS Company B1
- c) Medicaid Program Integrity Accounts Receivable - NCAS Company B2
- d) Medicaid Third Party Liability Accounts Receivable – NCAS Company B3
- e) Medicaid Miscellaneous Accounts Receivable – NCAS Company B4
- f) Medicaid Drug Rebate Accounts Receivable System – Contracted with EDS
- g) FSIS – Food Stamp Information System – Food Stamp Program Integrity Receivables
- h) HSIS System - HSIS produces Medicaid, Medicare, third party insurance and patient billings. HSIS maintains insurance and patient accounts receivable for the Children Developmental Services Agencies and Local Health Departments.
- i) The Student Account Receivable System produces billings for student fees charged by the NC Schools for the Deaf and Hard of Hearing and maintains detail accounts receivable balances for each student.
- j) EPICS (Enterprise Program Integrity Control System) - Recipient program integrity accounts receivable system for TANF, Medicaid and Food Stamps.
- k) BW (Business Works) – Accounts Receivable subsidiary system used for returned Child Support payments and State Laboratory, Cytology, and New Born Screening billings.
- l) NC CARES tracks CACFP and SFP receivables for the Division of Public Health.
- m) BETS is the accounts receivable subsystem for the Food and Lodging section of the DPH Environmental Health Branch.

6. Time Of Billing For Accounts Receivable - DHHS Policy

The Department bills all State agencies, local units and private entities for monies due the State no later than the 10th of the month following the month in which services were provided. If the accounts receivable are known to be incorrect, accounts are to be corrected, and billing is to be no later than the 30th day of the month following the month in which services were provided. Patient accounts shall be billed by the 10th day after the end of the month or 10 days after discharge. In the case of DMH/DD/SAS, Psychiatric Hospitals and Mental Retardation Centers that use the HEARTS system, patient accounts will be billed no less than every 30 days. Medical Surgical Unit patients will be billed upon discharge and completion of patient abstract. ADATCs on HEARTS will bill insurance upon discharge and completion of the patient abstract (average patient stay of 28 days). All client Ability to Pay (ATP) charges are billed on the 15th of the month for discharged clients and month end for in-house clients. Whitaker School and Wright School charges are billed to the responsible party on a monthly basis. All denied insurance claims will be immediately resolved and re-billed or corrected and resubmitted to effect payment from the responsible party as soon as possible. See the Central Billing Office (CBO) Procedures Manual for Denied Claims Follow-up Procedures.



1101 **Time of Billing Policy for Medicaid, Medicare and Third Party Insurance Billing -**
1102 **DHHS Exception 3**

1103 An exception to the standard 30 and 60 day dunning procedures is for Medicare,
1104 Medicaid and other third party insurance billings. The DHHS Controller's Office does not
1105 send dunning notices as these will be treated as duplicative claims and denied. The
1106 DHHS Accounts Receivable Section, Central Billing Office follows customary health
1107 insurance industry billing practices to resolve denied or outstanding insurance claims.
1108 Upon receipt of a denied claim, the Central Billing Office corrects and resubmits such
1109 claims to effect payment from the responsible party. Specific procedures are provided in
1110 the Central Billing Office Procedures Manual and the publications of the various
1111 insurance companies and benefit programs. The Third Party Liability Section of DMA
1112 conducts investigation, discovery, billing and collection activities to recover
1113 reimbursement from third parties when it is determined that the NC Medicaid Program
1114 was not responsible for payment.
1115

1116 **7. Specific Collection Techniques - DHHS Policy**
1117

1118 **a) Use Of Collection Agencies And Credit Bureaus - DHHS Policy**

1119 DHHS billing and receivables information is subject to laws governing
1120 confidentiality of client information. Based on an advisory memorandum from the
1121 Office of the Attorney General, DHHS policy is that past due accounts of current
1122 or former clients of the facilities covered by G.S. 122 or public assistance clients
1123 addressed by G. S. 108-A will not be referred to outside collection agencies or
1124 credit reporting bureaus. In addition, debts due for activity fees charged by the
1125 Office of Education for the NC Schools for the Deaf and the Governor Morehead
1126 School are not submitted to outside collection agencies or credit bureaus. In
1127 accordance with G.S. 122C-53 and 10 NCAC 18D the DMH/DD/SAS facilities will
1128 not release confidential client information as defined in 10 NCAC 18D without
1129 consent unless the specific disclosure is otherwise permitted by law and
1130 approved by the facility director. It is DHHS policy that release of any
1131 confidential client information to any outside collection agencies or credit bureaus
1132 is not permitted.
1133

1134 **b) Collection Of Audit Disallowance For Local Governments - DHHS Policy**

1135 Charges to DHHS programs that have been determined to be unallowable by the
1136 DHHS Secretary are collected in accordance with NC Administrative Code T10:
1137 01B .0418 "Single Audit of Local Governments and Public Authorities" and DHHS
1138 Directive No. 42 "Resolution of Single Audits for Local Government Agencies and
1139 Resolution of Audits for Institutions of Higher Education, Hospitals, and Non-
1140 governmental Organizations Receiving State and/or Federal Financial Assistance
1141 from the Department of Health and Human Services". The DHHS Secretary's
1142 determination letter to the local government shall require full monetary repayment
1143 of all cost determined to be unallowable to the DHHS Controller's Office within
1144 sixty days of the date of the determination letter. The due date for repayment is
1145



1146 suspended only for items appealed timely in accordance with G.S. 150B-23.
1147 Audit findings are processed internally in accordance with DHHS Controller's
1148 Office Procedure PB 901. If a deferred repayment plan is approved under NCAC
1149 T10: 01B .0418 the penalty and interest required by G.S. 147-86.23 will be
1150 assessed and added to total amount due. Deferred repayment plans for the
1151 Federal share of disallowances are not allowed unless the Federal government
1152 approves a repayment plan.
1153

1154 **c) Collection Of Audit Disallowances From Other Grantees - DHHS Policy**
1155 Charges to DHHS programs that have been determined to be unallowable by the
1156 DHHS Secretary are collected in accordance with NC Administrative Code T10:
1157 01B .0419 "Audits of Hospitals, Nonprofits, and Higher Education Agencies" and
1158 DHHS Directive No. 42 "Resolution of Single Audits for Local Government
1159 Agencies and Resolution of Audits for Institutions of Higher Education, Hospitals,
1160 and Non-governmental Organizations Receiving State and/or Federal Financial
1161 Assistance from the Department of Health and Human Services". The DHHS
1162 Secretary's determination letter to the recipient organization shall require full
1163 monetary repayment of all cost determined to be unallowable to the DHHS
1164 Controller's Office within sixty days of the date of the determination letter. The
1165 due date for repayment is suspended only for items appealed timely in
1166 accordance with G.S. 150B-23. Audit findings are processed internally in
1167 accordance with DHHS Controller's Office Procedure PB 901. If a deferred
1168 repayment plan is approved under NCAC T10: 01B .0418 the penalty and
1169 interest required by G.S. 147-86.23 will be assessed and added to total amount
1170 due. Deferred repayment plans for the Federal share of disallowances are not
1171 allowed unless the Federal government approves a repayment plan.
1172

1173 **d) Payment Terms And Dunning Accounts - DHHS Policy**
1174 DHHS policy is that all payment terms shall be thirty days after the invoice date
1175 unless an exception is approved by the DHHS Controller for the specific type of
1176 service to be billed under this plan. Invoices should be dated as close to the
1177 anticipated mailing date as possible. The invoice or original bill will notify the
1178 debtor of the 10% statutory penalty and interest charges required by G.S. 147.83
1179 that will be added to balances not paid by the due date of the invoice. Interest is
1180 to be charged on past due accounts receivable at the rate established by G.S.
1181 105-241.21 from the date the account receivable was due through the date it was
1182 paid. Past due invoice follow-up billing for all unpaid amounts shall be sent if a
1183 vendor, agency or individual has not paid by the due date. This is the first
1184 dunning notice for accounts that are 1-30 days past due that is referred to in the
1185 past-due account collections guidelines policy under the Office of the State
1186 Controller's Accounts Receivable Policy. The 1-30 dunning notice is sent when
1187 the account first becomes past due (i.e. invoice date plus 30 days). This notice
1188 will assess the ten percent statutory late penalty unless an exception to charging
1189 penalty for the type of receivable is approved by the DHHS Controller under this
1190 plan. In addition, the 1-30 days past due letter or statement will notify the entity
1191 or individual that unless the account is paid immediately interest will be charged
1192 for each day the account is past due, and that the past due amount will be turned
1193 over to the Attorney General's Office or their designee for collection. If an
1194 amount is still outstanding at the end of 61 days, a second dunning notice will be
1195 sent via certified mail/return receipt and the account shall be turned over to the
1196



1197 Attorney General's Office or their designee for collection. The second dunning
 1198 notice will charge the current statutory interest rate on the unpaid past due
 1199 balance unless an exception for charging interest on the type of receivable has
 1200 been approved by the DHHS Controller under this plan. If no payment or
 1201 response is received in 60 days the account is turned over to the Attorney
 1202 General's Office or their designee on the first working day after the account is 61
 1203 days past due or aged 91 days from the invoice date. See Attachment # 11, for
 1204 sample form letters for use as the 1-30, 31, and 61 day dunning notices for past
 1205 due accounts. **Exceptions:**

1206
 1207 (1) An exception to the 61 day rule for referral of accounts receivable to the
 1208 Attorney General's Office for collection shall be made for returned child
 1209 support checks. Since DHHS has already disbursed money to recipients
 1210 in these cases and timely collection of returned checks is crucial,
 1211 therefore all Child Support checks with the exception of stop payments
 1212 shall be referred to the Wake County District Attorney's Office. Child
 1213 Support checks returned due to stop payments should be referred to the
 1214 contracted collection agency. (See Attachment 17 for Wake County
 1215 District Attorney's Worthless Check Deferred Prosecution Program
 1216 information.)

1217 (2) In accordance with the latest amendment to G.S. 25-3-506, it is no
 1218 longer a requirement that there be a preliminary notice and/or posting of
 1219 the returned check fee. However, provisions in G.S. 25-3-506 now
 1220 require that all collection notices or dunning letters for returned checks
 1221 plainly break out the returned check fee, penalty and interest, i.e.

1222	Amount of check	=	\$100.00
1223	Returned check fee	=	\$ 25.00
1224	Penalty	=	\$ 10.00
1225	Interest	=	<u>\$ 7.00</u>
1226	Total	=	\$142.00

1227 When payment is received for the returned check it should be applied in
 1228 the following order: interest, penalty, fee, principle.

1229 (3) Since the prior notice to payors (and/or posting) is permissive, DHHS
 1230 may post notices explaining these fees or add language to account
 1231 statements that are routinely mailed to payors.

1232 (4) The processing fee, as well as the penalty and interest amounts, must be
 1233 deposited into funds that provide the majority of the support for the
 1234 following: the position responsible for collecting the fee and/or other
 1235 expenses incurred in collecting the fee.

1236
 1237 **e) Referral of Accounts to the Attorney General - OSC Policy**

1238 In accordance with the Office of State Controller, Accounts Receivable Policy,
 1239 Unpaid billings, of any dollar amount, due to a State agency, department or
 1240 institution shall be turned over to the Attorney General for collection no more than
 1241 60 days after the due date of the billing. Amounts owed by all patients which are
 1242 less than the federally established deductible applicable to Part A of the
 1243 Medicare program are exempt. The agency may handle these unpaid bills
 1244 pursuant to agency debt collection procedures. G.S. 147-86.22 states that
 1245 agencies and institutions may use, but are not limited to, collection agencies for
 1246 collecting accounts receivable. Unless it can be shown not to be cost effective,
 1247 agencies and institutions shall contract with collection agencies to collect past-
 1248



1249 due accounts. The State has contracted through the Office of the Attorney
 1250 General, with three outside collection agencies to collect all statewide accounts
 1251 receivable. The collection agencies should acknowledge all referred accounts
 1252 within thirty (30) days to the agencies that maintain the account. It should be
 1253 noted that the debtor should be responsible for the cost of collecting the debt
 1254 unless prohibited by law. The Attorney General's Office has recommended that
 1255 Accounts Receivable send delinquent accounts from the Division of Social
 1256 Services, Child Support Enforcement to one of the state contracted collection
 1257 agencies. This will enable DSS to collect monies owed in a more diligent manner.
 1258 Due to the large number of delinquent Child Support accounts the Attorney
 1259 General's Office is unable to handle these returned items (checks, bank drafts,
 1260 etc.).
 1261

Exception DHHS 5: Use of Collection Agencies

1262 Due to client confidentiality requirements specified in G.S. 122 C-52,
 1263 DMH/MR/SAS facilities and DHHS schools, will submit past due accounts over
 1264 60 days past due directly to the Attorney General's Office and not to collection
 1265 agencies or the State's Bad Debt Clearinghouse contractor. This policy is based
 1266 on an advisory memorandum from the Attorney General's Office.
 1267
 1268

f) Publications and Information Request Billings

1269 All publications and other requests for information that DHHS divisions require
 1270 payment for must be prepaid before being released. This policy eliminates the
 1271 majority of low dollar amount accounts outstanding that are not cost effective to
 1272 bill.
 1273
 1274

g) Lien Filing On Past Due Accounts For DMH/DD/SAS Facilities Exception-DMH/DD/SAS-3

1275 For DMH/DD/SAS institutions, liens against outstanding unpaid balances are to
 1276 be filed and maintained in accordance with G.S. 143-126, G.S. 143-126.1 and
 1277 DMH/DD/SAS APSM Section 7; Part I, Procedure 50 "Lien Filing".
 1278
 1279
 1280

h) Collection of Public Assistance Overpayments by County Departments of Social Services

(1) Medicaid – Collection of Recipient Overpayments Exception DMA 2

1281 County departments of social services are authorized to bill and dun
 1282 Medicaid clients for program overpayments. When the county DSS
 1283 notifies the Division of Medical Assistance Program Integrity that an
 1284 overpayment has been determined and that a specific repayment action
 1285 has been initiated, an account receivable is set up. These accounts are
 1286 reviewed on a quarterly basis with correspondence sent to the county
 1287 DSS requesting that they verify records of the account receivable, and
 1288 that the county pursue enforcement of the collection. Since all legal and
 1289 recoupment actions in recipient cases are handled at the county level,
 1290 the county DSS is responsible for determining the best method of
 1291 enforcing collections on each specific case.
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1298 **(2) Work First, ADFC, Foster Care and Special Assistance Programs -**
 1299 **Collection of Overpayments**
 1300 County departments of social services are authorized to bill and dun
 1301 clients for program overpayments. Since all legal and recoupment
 1302 actions in recipient cases are handled at the county level, the county
 1303 DSS is responsible for determining the best method of enforcing
 1304 collections on each specific case. Work First and AFDC accounts
 1305 receivable are tracked in the Enterprise Program Integrity Control
 1306 System (EPICS) and reported on the FRD700-Aged Trial Balance
 1307 quarterly.

1308
 1309 **(3) Food Stamp Program – Collection of Overpayments**
 1310 County departments of social services are authorized to bill and dun
 1311 clients for program overpayments. Since all legal and recoupment
 1312 actions in recipient cases are handled at the county level, the county
 1313 DSS is responsible for determining the best method of enforcing
 1314 collections on each specific case. The accounts receivable are
 1315 maintained in the EPICS system and reported on the FNS 209 Quarterly
 1316 Status of Claims.

1317
 1318 **8. Inter-Agency Billing - Supporting Documentation**
 1319 Documentation supporting invoices sent to other DHHS divisions and State agencies will
 1320 be maintained with the DHHS Controller's Office, Accounts Receivable Section
 1321 accounting records for review upon request. Documentation will be provided to other
 1322 State agencies upon request.

1323
 1324 **9. Recovery Of Cost Of Care And Treatment At DHHS Facilities - DHHS Policy**
 1325 **Exception-DMH/DD/SAS-4**
 1326 For the Division of Mental Health, Developmental Disabilities and Substance Abuse
 1327 Services, G.S. 143-117 through G.S. 143-127 authorizes the collection of outstanding
 1328 debts from certain individuals. All persons admitted to the following institutions operated
 1329 by DHHS are required to pay the actual cost of their care, treatment, training and
 1330 maintenance at these institutions: Regional psychiatric hospitals, regional mental
 1331 retardation centers, special care centers, and alcohol and drug abuse treatment centers.
 1332 As authorized by G.S. 143-118, the Secretary of DHHS may contract to compromise
 1333 accounts owing to the institution for past, present or future care at the institutions,
 1334 including but not limited to a contract to charge nothing. The rates set by the
 1335 compromise shall be determined in the discretion of the Secretary by the ability to pay of
 1336 the person admitted or the person legally responsible for his support.

1337
 1338 **10. Ability to Pay (ATP) Determination and Compromise of Accounts at DHHS**
 1339 **Facilities**
 1340 State Operated Healthcare Facilities shall determine the resources available to each
 1341 patient for payment of services rendered upon admission, (Amendment G.S.122C-55,
 1342 Section 3 and Section 4, Session Law 2011-2012, SB316), and determine their ability to
 1343 pay the patient liability after receipt of Medicare, Medicaid and other insurance benefits.
 1344 For non-Medicaid accounts the unpaid difference between the patient liability and the
 1345 ability to pay (ATP) amount is the "contractually compromised" amount under G.S. 143-
 1346 118 or indigency allowance that is written-off the account.

1347
 1348 Medicaid recipients will be deemed indigent by State Operated Healthcare Facilities and
 1349 exempt from the Ability to Pay Determination process.

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- Medicaid eligible clients 21 and under and over 65 years of age will have a Patient Monthly Liability (PML) record; amount billed to the patient not to exceed the amount established by the patient’s county of residence Department of Social Services (DSS).
- Medicaid eligible clients who are between the ages of 22 and 64 will have an ATP record; amount billed to the patient not to exceed the amount established by the patient’s county of residence DSS.

a) The Patient Relations Representative (PRR) shall obtain an authorization for release of medical information and payment to the institution on the “Agreement of Insurance Benefits/Release of Confidential Information Form” (Form # DMH MRP 5-20-94(c)). This authorization must be signed by the patient or legally responsible representative for the patient. If the PRR is unable to obtain a signed release within 30 days of the admit date, notify the Director of the State Operated Healthcare Facility or a delegated authority responsible for patient care reimbursement, who may disclose protected health information in order to establish patient eligibility and initiate coverage for government and other insurance benefits. The following DSOHF Officers are authorized to sign on behalf of the individual or individual’s representative:

- (1) Business Officer
- (2) Medical Records Supervisor
- (3) HIM Supervisor

b) The Patient Relations Representative (PRR) Office shall obtain financial information necessary to make a complete and fair evaluation of the patient’s ability to pay for cost of care and treatment as soon as possible after admission and enter the data in the HEARTS System to determine the ATP Rate to be charged. **(Attachment 10 – Procedure for Determining Patient’s Ability to Pay).**

c) The PRR will visit all new admissions on the wards in the institutions or interview their guardian or guarantor to obtain the financial information within 72 hours of admission. If this information is not obtained during the first visit with the patient or first contact with the guarantor, follow-up visits or contacts will be made until all the information is obtained. If a patient or guarantor continues to refuse to provide the financial information or to sign the appropriate releases, then **that patient will be billed full charge for care and services rendered** in accordance with G.S. 143-118 (e).

d) The PRRs shall review active patient financial records periodically and new patients at the time of admission to determine if a disability claim for Social Security should be filed on the patient’s behalf. The PRR Office also applies for benefits for disabled veterans. Patients 65 years of age and over may be eligible for Supplemental Security Income (SSI) benefits if charges are paid in full by Medicaid and they have no income. The PRR Office will inquire for possible eligibility through the Social Security Administration and apply for benefits when the inquiry indicates that the client is eligible for benefits.

It is the responsibility of the PRR Office to obtain admission certification (prior approval) for all eligible Medicaid patients from the admission certification contractor



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- f)** It is the responsibility of the PRR Office to obtain **prior** approval for all eligible Medicaid patients (**under 21 or over 65**). Eligibility for Medicaid is determined by the patient's county of responsibility, Department of Social Services. The process of determining eligibility is that the PRR prepares a referral form (DSS form DSS-PA-41 and DSS-PA-21) in duplicate and sends it to the county DSS as soon as possible after admission. The original is retained by the county, and the copy is returned to the institution with the decision. Approximately 30 days after the referral is mailed, the PRR contacts the DSS either by telephone or in writing to follow-up on referrals for which no response has been received.

- g)** The PRR Office is responsible for the verification of insurance coverage and identification of private pay accounts. The PRR enters the insurance and financial information into the HEARTS system. The HEARTS system coordinates benefits and produces Medicare, Medicaid, and commercial insurance claims and patient statements based on the patient's Ability to Pay (ATP) or the Patient Monthly Liability (PML). The Central Billing Office (CBO) processes the bills, follows up on insurance denials, collects the payments, deposits collections and posts payments to patients' accounts.



- 1427 **10. Allowance For Uncollectible Accounts For DHHS Facilities**
- 1428 An allowance for uncollectible patients' accounts as determined each year by the
- 1429 DHHS Controller's Office staff person responsible for the institution's year end
- 1430 accruals is based on the historic percentage of write off of the total patients' accounts
- 1431 receivable balance at June 30 of the fiscal year. This figure is used in the
- 1432 preparation of the annual financial statement.
- 1433
- 1434 **11. Deferred Payment Plans DHHS Policy**
- 1435 The Department does not promote deferred payment plans for amounts owed the
- 1436 State, however, to provide every opportunity for repayment of debts due the State
- 1437 deferred repayment plans may be authorized for the following debts:
- 1438
- 1439 **a) Local Governments - Public Assistance Debt**
- 1440 General Statute 108A-89 "State Public Assistance Contingency Loan
- 1441 Program" provides for a repayment schedule for counties that are not able to
- 1442 fund the county share of public assistance program cost **not to exceed a**
- 1443 **two year period** subsequent to the year in which the funds were borrowed.
- 1444
- 1445 **b) Local Governments – Audit Disallowances**
- 1446 Per NC Administrative Code T10: 01B .0418(l) "Single Audit of Local
- 1447 Governments and Public Authorities" a local government or public authority
- 1448 may propose a repayment plan of amounts determined to be unallowable on
- 1449 an installment basis not to exceed two years. The local government must
- 1450 certify that it is not able to make repayment by the due date specified in the
- 1451 DHHS Secretary's determination letter and that commercial financing can not
- 1452 be obtained. Repayment of the Federal share of amounts determined to be
- 1453 unallowable will not be allowed on an installment basis unless the Federal
- 1454 grantor agency approves of the installment plan or otherwise allows the
- 1455 Department the same installment repayment terms. Interest and penalty will
- 1456 be added to the amount to be financed in accordance with G.S. 147-86.23.
- 1457
- 1458 **c) Hospitals, Nonprofits and Higher Education Agencies**
- 1459 Per NC Administrative Code T10: 01B .0419(p) a Hospital, Nonprofit or
- 1460 Higher Education Agency may propose a repayment plan of amounts
- 1461 determined to be unallowable on an installment basis not to exceed two
- 1462 years. The Hospital, Nonprofit or Higher Education Agency must certify that
- 1463 it is not able to make repayment by the due date specified in the DHHS
- 1464 Secretary's determination letter and that commercial financing can not be
- 1465 obtained. Repayment of the Federal share of amounts determined to be
- 1466 unallowable will not be allowed on an installment basis unless the Federal
- 1467 grantor agency approves of the installment plan or otherwise allows the
- 1468 Department the same installment repayment terms. Interest and penalty will
- 1469 be added to the amount to be financed in accordance with G.S. 147-86.23.
- 1470
- 1471 **d) Employees – Salary Overpayments**
- 1472 DHHS policies and procedures are provided in the "Administrative Manual for
- 1473 Collection of Salary Overpayments". This manual is to be referred to for
- 1474 specific roles and procedures to be followed by the DHHS Controller's Office
- 1475 and the DHHS Human Resources Office in collection of active employee
- 1476 salary overpayments. The following is a brief summary of the DHHS policy.
- 1477



1478 Current State employees are required to repay money owed to the State per
 1479 G.S. 143-553. A series of three collection letters are sent at 15 day intervals.
 1480 If the employee fails to respond to the first or second letter a third certified
 1481 letter is sent informing the employee that failure to respond may result in
 1482 his/her dismissal. If the employee fails to respond to the third letter the
 1483 division/institution chief of personnel services is to be contacted concerning
 1484 disciplinary action for failure to pay money owed the State. If a former DHHS
 1485 employee is currently employed by another State Agency the same process
 1486 is followed except the letter requesting disciplinary action is sent to the
 1487 personnel manager of the State agency where the individual is currently
 1488 employed. Current State employees that fail to repay these funds may be
 1489 dismissed. Collections from former State employees follow our general
 1490 collection process and are handled by AR-Other. Salary Overpayments that
 1491 are over 90 days past due are referred to Debt Set-off if the amount is \$50 or
 1492 more, the Attorney General for amounts of \$500 or more and to collection
 1493 agencies and/or reporting bureaus for amounts of \$25 or more. Amounts
 1494 due from separating employees may be deducted from the employee's final
 1495 pay check using termination debt payroll code 051 without employee
 1496 authorization. Collection from current employees by payroll deduction
 1497 requires written authorization from the employee. Current DHHS employees
 1498 may request a deferred repayment plan to repay their salary overpayment. A
 1499 minimum payment of 10% of the employee's current net disposable wages is
 1500 required per G.S. 143-553.

1501
 1502 e) **Deferred Repayment Plans for Cost of Care And Treatment For Patients**
 1503 **Of The Regional Psychiatric Hospitals, Special Care Centers, Mental**
 1504 **Retardation Centers, Schools For Emotionally Disturbed Children, And**
 1505 **Alcohol And Drug Treatment Centers Listed In G.S. 143-117**
 1506 **DMH/DD/SAS - Exception 5**

1507 The authority of the Secretary under G.S. 143-119 (c) to negotiate a deferred
 1508 repayment plan for care and treatment is delegated to the institution
 1509 directors. Deferred plans may be used when a patient is not able to pay the
 1510 total cost due on a monthly basis. A deferred payment may be made on a
 1511 monthly basis or a delayed lump sum basis. The Institution director may
 1512 delegate the authority to negotiate deferred payment plans to the PRR and
 1513 authority to approve deferred plans to the PRR Supervisor. If the PRR
 1514 Supervisor is involved in the negotiation of the deferred payment, it must be
 1515 approved by the business manager or institution director. A sample copy of
 1516 the Deferred Payment Agreement is found in Attachment # 8.

1517
 1518 f) **Medicaid Providers Deferred Repayment Plans Authorized - Exception-**
 1519 **DMA-4**

1520 The Director of the Division of Medical Assistance or his or her designee is
 1521 given the authority to negotiate and approve extended repayment
 1522 agreements with program service providers. These plans shall include a
 1523 provision for interest and a late penalty, where appropriate, to be charged on
 1524 the outstanding balance in accordance with G.S. 147-86.23 and G.S. 105-
 1525 241.21. Repayment schedules are not to exceed a two year period without
 1526 The concurrence of the DHHS Controller. The Federal share of such
 1527 agreements must be financed from 100% State funds since CMS requires
 1528 that the Federal share of such overpayments be credited (advanced) to CMS
 1529 on the next quarterly CMS-64 Report following the sixtieth day from the date
 1530 that the overpayment is discovered by the State.

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12. Garnishments, Liens And Judgments - DHHS Policy

DHHS obtains liens through judgments against debtors' assets by submission of accounts over 90 days past due to the Attorney General for litigation. The objective of the litigation is to obtain a judgment against the debtor's assets. For debts due to G.S. 122 facilities, a general lien against the client's real and personal assets is created by G.S. 143-126.1. When it is determined that a patient has a past due balance, the DHHS Controller's Office Accounts Receivable Section will file a verified statement of account with the clerk of superior court in the patient's county of residence and any counties where the patient owns real property to secure a lien against the patient's real and personal property that has not been exempted under the ability to pay or other compromise agreement.

13. Write-off Of Uncollectible Accounts - DHHS Policy

Uncollectible accounts will be written off financial accounting records and no longer recognized as collectible receivables for financial reporting purposes, but the legal obligation to pay the debts will remain. Accounts written off remain debts due the Department until either a) the Department determines that the responsible party has no ability to pay or b) the debt is discharged by the Office of the Attorney General or c) in cases where the Department has not been able to determine an ability to pay the amount is discharged through a compromise contract under the provisions of G.S. 143-118. Compromise contracts may be entered into for past, present or future care at the institutions and these contracts may include but are not limited to a contract to charge nothing. If an obligor defaults in the repayment of a compromise account or any installment, then the full actual cost of care shall be assessed against the person admitted.

The DHHS procedures, criteria, and approvals to write-off uncollectible accounts are in accordance with OSC Policy where specific authority is not provided by State law. Accounts will be written off the financial accounting records when all collection procedures, including those required by the Office of the Attorney General (OAG), have been conducted without results and management deems the accounts uncollectible. Accounts due from individuals or vendors must be submitted to the Department of Revenue for setoff debt proceedings at least once before write off. After write off, these accounts shall continue to be submitted to the Department of Revenue for debt setoff proceedings. Prior approval of the DHHS Controller is required before write-off of any amount over \$25.00. The DHHS Controller will obtain the written approval of the Assistant Secretary before the write-off of any amount over \$500.00.

14. Write-off Procedures

Account balances of more than \$25 that have been determined to be uncollectible in accordance with the DHHS Policy stated in Section II.C.14 will be submitted to DHHS Controller for approval. The responsible staff of the Accounts Receivable Section will provide the DHHS Controller with the reasons for writing off an account as stated in Section II.C.14 above. The Accounts Receivables Section shall maintain documentation in the file or on-line account notes to support all write-offs. In Accordance With OSC Statewide A/R Program Policy, all write-off documentation will be retained on file indefinitely for any uncollectible receivable of more than \$25.00.



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- a) **Write-off of Interagency Receivables**
Interagency receivables will not be written off without the approval of the Office of the State Controller. If a division is unable to collect receivables from another state agency, the DHHS Controller's Office Account Receivable Section will contact OSC for assistance. The State Controller has the authority to process the interagency transactions that he/she considers necessary under the circumstances.
- b) **Accounting for Receivables Written off**
Procedures to account for uncollectible receivables that have been written off are outlined below:
 - (1) **For any uncollectible receivable of more than \$25.00 that has been written off**, a summary record of the accounts sufficient to substantiate the debt is to be retained indefinitely or until the debt has been collected or discharged. For the uncollectible receivable of \$25.00 or less that has been written off, such records must be retained for two years. If an automated system does not support this requirement, the receivable record may not be removed from the system until another record is created. Amounts written off must be maintained on the system in a separate company or other identifying division that allows for reporting on amounts that have been written off vs. collectible accounts receivable that will be included on the financial statements. Uncollectible accounts of \$25.00 or less may be removed from the system two years from the date of write-off and no further records will be retained. A record of accounts written off must be maintained and reported to the OSC on a periodic basis. OSC requires a report on write-off activity annually with the CAFR. The report is to include bad debt write-offs, contractual write-offs and indigency write-offs.
 - (2) **Write-off of Indigency Allowances And Contractual Adjustments**
If an account is determined to be an indigent care account or a contractual adjustment, the account is no longer classified as a receivable or debt due to the Department, and, therefore, the procedures to account for uncollectible receivables do not apply. The DHHS Controller's Office Accounts Receivable Section is responsible for write-off of indigency allowances in accordance with the *DHHS Facility Procedure for Determining Ability to Pay*, Attachment 10 and contractual adjustments according to provider reimbursement agreements with Medicaid, Medicare, CHAMPUS and private insurance agreements.
- c) **Redetermination of Ability to Pay Policy**
An account balance may be adjusted when it is determined that a patient's original ability to pay and/or any portion thereof did not exist. (See the *DHHS Facility Procedure for Determining Ability to Pay*, Attachment 10)
- d) **Write-offs - DHHS Management Approvals Required**
The Attorney General's Office shall advise the Department on legal questions regarding collectability or uncollectability of an account. Based on the advice of the Attorney General, the Assistant Secretary will determine if the account should be written off and provide the DHHS Controller with written approval for the write-off of all accounts of \$500 or more. The DHHS Controller has the authority to write-off accounts of less than \$500.00 in accordance with this plan and OSC's Statewide Accounts Receivable Policy.



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e) Write-offs - Balances of \$25 or Less
For past due accounts receivable of \$25 or less, the DHHS Controller's Office, Accounts Receivable Section is given the authority to utilize the regular US mail rather than certified mail in notifying the debtors of the past due amounts. The Chief of the DHHS Accounts Receivable Section is given the authority to write off the debt after 90 days of documented collection efforts for amounts of \$25 or less. It is not cost effective to collect amounts less than \$1.00. Accordingly, amounts for less than \$1.00 need not be billed and may be written off without any collection effort.

f) The Secretary of DHHS has delegated to the Department of Justice (DOJ), Human Services/Medical Facilities Section, and the authority for limited compromise of patient accounts. This authority, provided to the DHHS Secretary in G.S. 143-118 (e), shall be exercised by the Head of the Mental Health Subsection of the DOJ and specifically limited to compromising debts owed to the Division of Mental Health, Developmental Disabilities and Substance Abuse for care and treatment of individuals that have been referred to the DOJ Debt Referral Office.

16. EFT To Be Used In Collection of Local Share of Public Assistance Benefits From Counties

DHHS agencies shall Use Electronic Funds Transfer (EFT) for collection of the county/area program share of payment/benefits under Office of Information Technology Services, Common Payment Service. This program is to transmit funds electronically to and from local county departments of Social Services. The OSC Cash Management Directive for the Electronic Transfer of Funds between the State and Local Units of government (Section III) will be followed for all divisions. The Program Benefits Payment Section of the DHHS Controller's Office will notify counties five (5) business days prior to the effective date of payment to be made electronically. When a county's payment has not been honored, the chief of the section responsible for receipt of the county funds shall notify the DHHS Controller in order to effect the collection of the overdue amount through tax interception by the NC Department of Revenue (G.S. 105). These tax intercept letters are issued by the Office of State Budget, and Management (OSBM). Where applicable, any payment that is not received by DHHS on a timely basis shall be subject to the interest and penalty provisions stated in G.S. 147-86.23. The remedies for collection shall be pursuant to the Statewide Accounts Receivable Law (G.S. 147-86) or other prevailing general statute.

17. Merchant Cards Accepted by DHHS

In accordance with G.S. 147-86.22 and the State of North Carolina Cash Management Plan DHHS accepts debit and credit card transactions. The State Controller has approved the DHHS Electronic Payments Business Plan which includes the acceptance of debit and credit cards for payment. DHHS utilizes the Master Settlement Agreement (MSA) for electronic payment processing and has established policies and procedures necessary to facilitate the use of debit and credit cards. Only MasterCard and Visa credit and debit cards are accepted. These DHHS policies and procedures will incorporate the statewide electronic payment policies and procedures found at http://www.ncosc.net/SECP/EPP_Index.html. DHHS charges payors a convenience fee for the use of credit or debit cards. This is a flat fee of \$5.00 per transaction. The only service that DHHS charges the \$5.00 flat fee for is child support payments made by debit or credit card through the DHHS child support payment receipting vendor's website.



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18. Interest and Penalty Fees - G.S. 147-86.23 Statutory Requirements

Interest **shall** be charged at the rate established pursuant to G.S. 105-241.21 on a past due account receivable from the date it becomes past due until it is paid. This includes the debt for returned checks, calculated from the date the check was returned from the bank and salary overpayments for separated employees. Office Accounts Receivable Section will contact the Department of Revenue periodically, to obtain the rate that is currently being charged. The Department of Revenue sets this rate semi-annually. In any situation where we charge interest on an account receivable and the payment schedule crosses periods, the interest rate remains consistent with the rate set at the time the payment schedule was put into effect. In those cases where DHHS has the ability to recoup the account receivable within subsequent months of the due date, interest shall be charged for the 30 day period through the date of the recoupment. (See Late Payment Penalty Fees - Item 18.a below).

- a) DHHS intends to charge interest to county governmental agencies (i.e., Area Mental Health Programs/Centers, Councils of Government, County Departments of Social Services, Local Health Departments etc.).

Exception DHHS 4 - Exceptions to Charging Penalty and Interest

- (1) All DHHS divisions shall charge **penalty** and **interest** on past due accounts receivable in accordance with G.S. 147-86.23 with the exception of the following:

- (a) Recipients of benefits or services
- (b) Patients/residents of DHHS institutions or facilities
- (c) Students of DHHS facilities
- (d) Medicaid claims (Federal government)
- (e) Medicare claims (Federal government)
- (f) Other Third Party Insurers
- (g) Employees

- (2) **Late Payment Penalty Fees:** A fee of no more than 10% of the accounts receivable **shall** be charged on all past due accounts except as provided in Section I.C18.a (1) above. It is the policy of DHHS to charge 10% late penalty fee on all past due accounts including the debt for returned checks. The penalty is in addition to the interest charge as required above.

19. Debt Setoff Collection Against Individual Income Tax Refunds Policy

By December 20 of each year, DHHS agencies will submit to the Department of Revenue Setoff Debt Collection accounts receivable due from individuals that are 90 days past due provided that the debt is at least \$50. The following exceptions are permitted by G.S.105 A-3 (b):

- a) Debts that DHHS are advised by the Attorney General not to submit because the validity of the debt is legitimately in dispute;



- 1738 **b)** An alternative means of collection is pending and believed to be adequate;
- 1739 **c)** A collection attempt would result in loss of Federal Funds.

1740
1741 In accordance with OSC policy, past due debts are to include all accounts that have been
1742 written-off as uncollectible for financial reporting purposes as well as those that are still in
1743 the collection process. The setoff collection efforts shall be in accordance with G.S. 105A
1744 Setoff Debt Collection Act and the submission procedures specified by OSC and the
1745 Department of Revenue.

1746 **20. In-house Set-Off For Medicaid Provider Receivables**

1747 Amounts due to the Department from providers may be recovered by withholding
1748 payment of current claims payable due to the provider or by set-off against other amounts
1749 payable to the provider until the full amount due is paid. In addition, payment to providers
1750 may be suspended pending resolution of cost report settlements and/or program integrity
1751 reviews.

1752 **Medicaid Provider Payment Suspension:**

1753 In accordance with Session Law 2009-451, SECTION 10.73A. (a) The Department of
1754 Health and Human Services may suspend payment to any North Carolina Medicaid
1755 provider against whom the Division of Medical Assistance has instituted a recoupment
1756 action, termination of the NC Medicaid Administrative Participation Agreement, or referral
1757 to the Medicaid Fraud Investigations Unit of the North Carolina Attorney General's Office.
1758 The suspension of payment shall be in the amount under review and shall continue
1759 during the pendency of any appeal filed at the Department, the Office of Administrative
1760 Hearings, or State of Federal courts. If the provider appeals the final agency decision
1761 and the decision is in favor of the provider, the Department shall reimburse the provider
1762 for payments for all valid claims suspended during the period of the appeal.

1763 SECTION 10.73A. (c) The Department shall not make any payment to a provider
1764 unless and until all outstanding Medicaid recoupments, assessments, or overpayments
1765 have been repaid in full to the Department, together with any applicable penalty and
1766 interest charges, or unless and until the provider has entered into an approved payment
1767 plan.

1770 **21. Reporting To the State Controller**

1771 In accordance with G.S. 147-86.26, the DHHS Controller's Office shall provide the State
1772 Controller with a complete report of the agency's aged accounts receivables upon
1773 request in the format requested by OSC.

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D. Accounts Receivable/Billing - Required Components of DHHS Cash Management Plan Responsibilities Matrix Supplements

The Accounts Receivable/Billing Section of the *Cash Management Plan Responsibilities Matrix Supplement (Matrix)* will be completed by the DHHS Controller's Office Accounts Receivable Section and each division or institution that has any employees that are responsible for performing the below listed accounts receivable or billing functions. The following is a list of accounts receivable/billing tasks that must be assigned to separate employees to assure proper internal control. The Matrix is to be updated and forwarded to the DHHS Controller for approval whenever physical locations or the assignment of listed tasks to positions changes. The Matrix forms and instructions for their completion are available in hard copy (See Attachment 16) or Excel workbook format from the DHHS Controller's Office Accounts Receivable Section. Any changes to a division's or institution's approved Matrix must be approved by the DHHS Controller.

1. An employee(s) must be designated to bill all accounts within 10 days after the end of the month that goods or services are provided.
2. An employee(s) must be designated to send out dunning notices in accordance with policy.
3. An employee(s) must be designated to notify counties five days before the effective date of payment or drafting of their account electronically.
4. An employee(s) must be designated to review and assess interest and penalty on past due accounts monthly.
5. An employee(s) must be designated to complete the agency's report on accounts receivables upon request by OSC.
6. An employee(s) must be designated to send the 30 day and 60 day, accounts receivable collection letters.
7. An employee(s) must be designated to refer all accounts more than 90 days past due and \$500 or more to the Office of the Attorney General. Accounts less than \$500 are to be submitted to the designated collection agency unless exempted due to client confidentiality elsewhere in this Plan.
8. An employee(s) must be designated to review and reconcile the bi-monthly collection agency report of delinquent accounts.
9. An employee(s) must be designated to handle all of the write off procedures for past due accounts.
10. An employee(s) must be designated to handle all debt set off actions and procedures on past due accounts.
11. An employee(s) must be designated to assure that all patient and third party benefits are billed monthly or upon discharge for medical/surgical visits.
12. An employee(s) must be designated to follow-up on all denied insurance claims.
13. An employee(s) with authority to approve bad debt write-offs for submission to the DHHS Controller must be identified for each division and institution.



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14. An employee(s) with authority to approve deferred payment plans must be designated for each division/institution that allows deferred repayment plans.

15. An employee(s) with authority to approve compromise of debts due for care and treatment at DMH/DD/SAS facilities must be identified. This compromise is for any amount that is less than the patient's determined ability to pay less applicable Medicaid, Medicare and insurance benefits.



1842 **II. Management Of Disbursements**

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1844 **A. Cash Management Over Disbursements**

1845 While the objective of controlling receipts is to collect as early as possible, the objective
1846 of managing disbursements is to maintain funds in interest-bearing accounts for the
1847 longest appropriate period of time. This allows the State to recognize the maximum
1848 earning potential of its funds. This is not intended, however, to encourage late payment
1849 or detrimental relationships with the firms who, in good faith, supply goods and services
1850 to the State.

1851
1852 In managing disbursements, DHHS Controller’s Office General Accounting and Financial
1853 Management Section and Program/Benefits Payments Section follows the OSC
1854 Memorandum dated August 16, 2000 for electronic payment (E-payment) process. This
1855 process allows agencies using the North Carolina Accounting System (NCAS) to deposit
1856 money directly into a vendor’s or employee’s bank account. As part of the E-payment
1857 process, an e-mail or fax will be sent to notify the payee that a deposit has been made.
1858 The E-payment process is mandatory for all State Employees requesting reimbursement
1859 from the State. Payment to vendors is on a voluntary basis.

1860
1861 Upon approval by the Purchasing and Contracts Division, DHHS Division and Institution
1862 Managers utilize the Procurement Card Program (P-Card) to simplify the procurement of
1863 small purchase items and for emergency type purchases. The P-Card Program enables
1864 users to acquire these necessary supplies and materials quickly, especially in remote
1865 locations. The system merges small purchase acquisitions with the (online) North
1866 Carolina Accounting System (NCAS), enhances review of small purchases by
1867 management, and expedites payment to vendors. The online reconciliation process is
1868 designed to comply with current audit requirements. The program is not intended to
1869 bypass or circumvent existing procurement or payment regulations or procedures but
1870 rather to complement them.

1871
1872 The following rules are included in this Plan.

- 1873
1874 **1. Funds Remain on Deposit Until Disbursement to Ultimate Payee**
1875 Monies deposited with the State Treasurer are to remain on deposit with the
1876 State Treasurer until final disbursement to the ultimate payee. This law in
1877 essence prohibits processing receipt or disbursement of State funds through
1878 contractor or intermediary bank accounts.
1879
1880 **2. No State Funds May Be Expended Without An Authorized Budget**
1881 **As provided by G.S. 147-86.10, the order in which appropriations and other**
1882 **available resources are expended shall be subject to the provisions of the**
1883 **Executive Budget Act, G.S. 143-1 through 34.45,** regardless of whether the
1884 State agency disbursing or expending the monies is subject to the Act. Funds
1885 are not to be disbursed if they are not in the authorized budget. G.S. 143-16.1 (a)
1886 States “All federal funds shall be expended and reported in accordance with the
1887 Executive Budget Act”, except as otherwise provided by law”.
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3. Monthly Expenditure Reporting Requirements for Local Governments and Others Receiving Funding from DHHS

For all disbursements to local governmental units or non-governmental organizations under contractual obligation or who receive allocations of funds from DHHS, monthly expenditure reporting is required in the proscribed format of the DHHS responsible DHHS division. Monthly reporting is not required for those contractual arrangements where reimbursement to a contractor is based upon a one time payment for submission of the product deliverable (such as a print job or an evaluation report) or completion of a task (such as proctoring examinations or conducting a workshop). The contract must have reporting and reimbursement language to that effect. If expenditure reporting is not received in a timely manner a memo addressed to the DHHS Controller from the Division Budget Office and Program Manager is required, stating the justification for the late payment.

Exception: Based on unique business processes, the monthly expenditure reporting requirements has been waived. **Exception ORDRH 1.**

4. Pre-Audit of Disbursements Policy

Prior to disbursement of State and Federal funds, the DHHS Controller's Office accounts payable staff and program benefit payments staff with responsibility for payment of obligations for a division or institution will perform appropriate cash disbursement pre-audit procedures including matching the original invoice/billing prices and quantities with the amounts authorized on the purchase order, verifying that the quantity invoiced was received per the receiving report, checking invoice math for accuracy and assuring that the following required documents are on hand and approved by a manager or staff person who is authorized to approve payments or refunds of receipts in the division or institution Matrix to this plan. Accounts Payable staff will review all disbursement documentation to ensure that the following items are on-hand prior to approval of any item for payment.

a) Purchase Order (PO) purchases/requisitions:

- (1) A copy of the PO (on-line or hard copy)
- (2) Original invoice from the vendor (payment from copies is not allowed).
- (3) Receiving report, signed off by an authorized state employee (on-line or hard copy).
- (4) Receipt authority, Local Purchase Authorization (LPA).

b) Contracts:

The final Contract File, retained within each division, must contain at least the following items, however the DHHS Controller's Office requires only the items indicated with an "*" in its files to process payments.

- (1) *Copy of the Executed Contract and/or Contract Amendments for the applicable fiscal year.
- (2) *Contract Approval Form
- (3) Contract Justification Memorandum or Amendment Justification



- 1949 (4) NCAS Header Sheet or copy of E-Procurement Purchase Order Sheet
- 1950
- 1951 (5) IT Checklist
- 1952 (6) *Audit Requirements Questionnaire (not required for Personal Service Contracts)
- 1953
- 1954 (7) Federal Assurance (if applicable)
- 1955
 - Federal Certification Regarding Lobbying Form
- 1956
 - Federal Disclosure of Lobbying Activities
- 1957
 - Federal Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion-Lower Tier Covered Transactions
- 1958
 - Federal Certification Regarding Drug-Free Workplace Requirements
- 1959
 - Federal Certification Regarding Environmental Tobacco Smoke
- 1960
- 1961
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- 1964 (8) State Grant Certification-No Overdue Tax Debts (if applicable)
- 1965 (9) Notice of Certain Reporting and Audit Requirements (if applicable)
- 1966
- 1967 (10) DOA or ITS Purchasing and Contract Approval Letter (if applicable)
- 1968
- 1969 (11) RFP/RFI/RFA and Supporting Documentation (if applicable)
- 1970 (12) Letters of Tax Exempt Status (if applicable)
- 1971 (13) *Notarized Policy Addressing Conflict of Interest (if applicable)
- 1972 (14) *Reimbursement Request from the contractor, approved for payment by the program contract manager.
- 1973
- 1974 (15) *A completed DHHS Certification of Cash Needs (Note: Only applicable for Financial Assistance contracts that are approved for Cash Advance. Advances are not allowable on Purchase of Services contracts).
- 1975
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c) Employee Travel:

- 1979
- 1980
- 1981 (1) The original Travel Reimbursement Request signed by the claimant and the supervisor with attached hotel receipts and other appropriate receipts as established by OSBM travel policy.
- 1982
- 1983 (2) An authorization form signed by the appropriate manager for amounts in excess of these approved limits (inclusive of conference authorization forms, out-of-state travel forms, etc.) is required.
- 1984
- 1985
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- 1988 (3) Make sure a Payment Verification Form is completed and on file so that payments can be made through the E-payment process. (See A. above).
- 1989
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d) Tuition Reimbursement:

- 1992
- 1993
- 1994 (1) Application for Employee Education Assistance form (PD 136), approved by the supervisor for participation
- 1995 (2) Copy of the transcript, indicating passage of the course
- 1996 (3) Copy of canceled check or receipt for tuition payment.
- 1997 (4) Make sure a Payment Verification Form is completed and on file so that payments can be made through the E-payment process. (See A. above).
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e) Non-PO Type Expenditures - Such As Utility Bill, ITS (Information Technology Services) Bills, Credit Card Bills, Etc.;

- (1) Pay from an original invoice approved for payment by an authorized member of division management, not a copy. (In the interest of timely payment of utility bills, the original invoice is mailed directly to the DHHS Office of the Controller, General Accounting/Financial Management Section and it is paid first, and then sent to the Division for review.)
- (2) Ensure that utility bills are for locations that the division/institution is responsible.
- (3) For credit card statements, ensure that the division/institution business manager or budget officer has reviewed for compliance with purchasing requirements and approved the statement for payment.
- (4) For credit card statements, ensure that there is a copy of the receipt (receiving report) for each of the purchases on the credit card statement.
- (5) For credit card statements, ensure that the supervisor has approved the purchases by his or her signature for each purchase on the monthly statement.

f) Capital Improvement Disbursements:

- (1) Determine that capital improvement payments are based on percentage of completion of the total project.
- (2) Determine that contractor invoices are approved by the architect or engineer in charge of the project.
- (3) Determine that performance contracts are acceptable and authorized.
- (4) Determine that the contract retainages are correct and withheld from all progress payments.
- (5) If this is a reimbursement capital project, the architect's approval is required to pay any contractor.

g) Refund Of Receipts Authorization Policy:

- (1) A Refund Authorization Request signed by an employee authorized to approve refunds and a supervisor is required.
- (2) The refund request shall provide the reason for the refund, the date, amount and deposit number of the original receipt, and the name and mailing address of the payee.

h) Procurement Card Expenditures:

- (1) Pay from an original invoice approved for payment by the division/institution budget officer or business manager, not a copy. (To ensure prompt payment, the original invoice is mailed directly to the DHHS Office of the Controller, General Accounting/Financial Management Section and then sent to the division/institution for review and upon approval it is paid.)
- (2) For Procurement Card statements, ensure that the division/institution budget officer or business manager has reviewed for compliance with purchasing requirements and approved the statement for payment.



- 2057 (3) For Procurement Card statements, ensure that there is a copy of
- 2058 the receipt (receiving report) with the purchaser's signature for
- 2059 each of the purchases on the credit card statement.
- 2060 (4) For Procurement Card statements, ensure that the
- 2061 division/institution supervisor has approved the purchases by his
- 2062 or her signature for each purchase on the monthly statement.
- 2063
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5. Procurement Card Disbursements

The budget officer or business manager of each division/institution shall review statements for appropriate charges, and submit signed statements to the DHHS Controller's Office General Accounting Unit assigned to the division/institution for processing payments.

6. Merchant Card Disbursements

The budget officer or business manager of each division/institution shall review statements for appropriate charges, and submit statements to the DHHS Controller's Office General Accounting Unit assigned to the division/institution for processing payments.

DMH/DD/SAS Exception 9 exempts corporate credit card charges for physician reference checks through the National Practitioner Database authorized in advance per a list furnished by the division/institution medical director or a designee. The NPD accepts only commercial credit cards for payment.

7. Information From Private Organizations Receiving State Funds, Information From State Departments And Agencies Providing State Funds G.S. 143-6.2

State funds appropriated by the General Assembly (inclusive of Federal funds) shall not be disbursed to any corporation, organization, or institution until all the required reports and financial information have been provided as required by this section. Attachment 15 provides general guidance for these appropriations.

8. Mailing Checks Policy

All checks will be mailed from the DHHS Controller's Office directly to the payee. Any travel advances and reimbursements not made via direct deposit will be mailed to the address provided on the advance or reimbursement form. For security reasons checks will not be returned to the division/institution authorizing unit and arrangements must be made in advance with the DHHS Controller's Office accounts payable staff for any remittance information or instructions that must be mailed with checks. An exception to this policy would be checks to establish and reimburse petty cash and change funds that will be mailed to the division/institution cashier or fund custodian. Recipient checks such as those for Public Assistance and Child Support Enforcement are mailed from the DIRM Print Facility.

9. Federal and Other Reimbursements Must Be Repaid To The Source Of State Funds

Federal and other reimbursements of expenditures paid from State funds shall be paid immediately to the source of the State funds. Accordingly, receipts shall be recorded in the Company/Account/Center that has incurred or will incur the reimbursable expenditure. An appropriate clearing account may be established in the General Fund for recording receipts pending allocation of reimbursable expenditures. Revenue clearing account balances shall be reclassified as appropriate to receivables or payables as the case may be for CAFR reporting. Unearned Federal Cash balances on hand in clearing accounts at June 30 each



2112 year will be transferred to the appropriate Federal Fund code to avoid reversion
 2113 of Federal cash and duplication of revenue reporting in the subsequent year.
 2114 Unallocated program refunds and overpayment recoveries containing funds due
 2115 to Federal or local governments will be carried forward to the subsequent year for
 2116 distribution to the appropriate parties and funds. Unallocated refunds will be
 2117 transferred to the agency fund or reclassified as payables or deferred revenue for
 2118 CAFR reporting.
 2119

2120 **10. Financing Reimbursable Expenditures With State Appropriations Policy**

2121 State appropriations shall not be used to support expenditures that are
 2122 reimbursable from any source when an advance is available by letter of credit or
 2123 other means. In general, this means you may not finance the Federal share of
 2124 expenditures with State funds when an advance is available. Likewise, Federal
 2125 cash advances and claims for reimbursement are generally limited to the Federal
 2126 share of allowable cost incurred. Accordingly, DHHS policy is to disburse the
 2127 required non-Federal share of each advance or expenditure at the time the
 2128 allowable advance or expenditure is incurred. Some Federal programs have
 2129 maintenance of effort requirements. Maintenance of effort expenditures must
 2130 generally be incurred by the end of the Federal fiscal year or other period
 2131 specified in the award, code of Federal Regulations or Federal law. When
 2132 expenditure is eligible for reimbursement under more than one Federal award the
 2133 expenditure will be charged based on a plan approved by the DHHS Controller
 2134 and the DHHS Assistant Secretary. Such plans will be designed to maximize the
 2135 earned revenue to the State from all the grants and/or assure that the maximum
 2136 number of eligible recipients is served. To avoid loss of funding the oldest
 2137 available award will be used first, awards with the higher reimbursement rate will
 2138 be used second, awards with more restrictive requirements will be used third,
 2139 and finally the most recent awards with the least restrictive requirements (usually
 2140 block grants) are used last or carried over to another period.
 2141

2142 **11. Reconciliation of Bank Accounts Policy**

2143 Agency bank accounts shall be reconciled on a monthly basis within 15 calendar
 2144 days of the receipt of the State Treasurer's statement. The monthly bank
 2145 reconciliation is to be verified by the DHHS Controller's Office staff assigned
 2146 responsibility for the account. Staff assigned to reconcile the bank accounts may
 2147 not be assigned duties involving posting accounts, authorizing disbursements or
 2148 handling receipts and unpaid checks.
 2149

2150 **12. Uncashed Public Assistance Checks Policy**

2151 In the case of DSS, Federal regulations require the return of Federal participation
 2152 in TANF checks that remain uncashed for a period of 180 days. The OSBM has
 2153 given approval to treat all public assistance payment checks consistently. In
 2154 order to comply with Federal regulations, a report is produced that lists all checks
 2155 outstanding after a period of 90 days. County DSS offices are notified that these
 2156 checks are outstanding and will be canceled in a subsequent month.
 2157

2158 **13. Interagency Transfers And Payments Policy**

2159 DHHS divisions will follow the OSC Memorandum dated February 19, 2004 on
 2160 the Cash Management Control System and will use the Cash Management
 2161 Control System for all transfers as follows:
 2162

- 2163 a) Between DHHS agencies and all transfers outside of DHHS
- 2164 b) Permanent transfers of appropriations to another agency should be
- 2165 made by Budget Revision.
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14. Disbursements To Local Governments Policy

All DHHS divisions which make payments to local units of government will utilize Electronic Transfer of Funds, and are directed to follow the requirements of the most current State Controller's Office Cash Management Directive - Electronic Funds Transfer (EFT) dated July 1, 1995. Those agencies which receive Federal funds will follow the State Controller's Office Cash Management Plan Directive/Memorandum dated July 1, 1993 for Federal Funding in the receipting, disbursement and drawing of these Federal funds.



2177 **15. Time Of Payment For Goods And Services Received Policy**
 2178 Billings to the State for goods received or services rendered shall be paid neither
 2179 early nor late but on the discount date or due date to the extent practical. Early
 2180 payment should be avoided. The NCAS accommodates the timely payment of
 2181 invoices by scheduled due date. The disbursement date scheduled by the
 2182 system to produce checks will not be overridden or changed without the approval
 2183 of the DHHS Controller's Office Section Chief in charge of the accounts payable
 2184 operation. Such approval may be given when a request is received from a
 2185 division director or budget officer with a program justification for payment on an
 2186 earlier disbursement cycle. Payments without a due date will be scheduled on
 2187 the next regularly scheduled check write.
 2188

2189 **16. Disbursement Cycles Policy**
 2190 Disbursement cycles for each division and institution shall be established to the
 2191 extent practicable so that the overall efficiency of the warrant disbursement
 2192 system is maximized while maintaining prompt payment of bills due. The Chief
 2193 of the DHHS Controller's Office General Accounting/Financial Management
 2194 Section shall approve the disbursement cycles for each division and institution.
 2195 In house procedures are to be employed to schedule accounts payable for
 2196 payment by the discount date or the due date. Checks shall be mailed on a
 2197 schedule that will ensure delivery on the due date.
 2198

2199 **17. Advance Of Financial Assistance Funds Policy**
 2200 If a DHHS division receives a request for an advance, and if the request meets
 2201 the Department's criteria for approval, a completed DHHS Certification of Cash
 2202 Needs approved by division/institution management must be forwarded to the
 2203 DHHS Controller's Office Program Benefit Payments Section, Branch Head in
 2204 charge of payments for the division for a check to be issued.
 2205

2206 a) There are two types of arrangements or contracts, financial assistance
 2207 and purchase of service (procurement) contracts. To distinguish
 2208 between the two types of contracts, refer to OMB Circular A-133 and
 2209 NCAC T10 C1 S/B .0400. There is a list of questions to assist in
 2210 distinguishing between a purchase of service or financial assistance
 2211 arrangement. Advances are not allowed for procurement agreements
 2212 including Purchase of Services Contracts. For purchase of goods and
 2213 services, DHHS will not pay until the goods and services have been
 2214 received unless the item ordered requires prepayment from all
 2215 customers. Contracts that have more than thirty days duration may
 2216 provide for monthly payments based on satisfactory completion and
 2217 delivery of specified deliverables or actual provision of specified services.
 2218

2219 b) After a financial assistance type contract or grant agreement is signed,
 2220 the contractor (agency director) may request an advance not to exceed
 2221 the cash requirement for up to a sixty (60) day period. These advances
 2222 are intended only for non-governmental agencies. An advance should
 2223 be given only when a lack of an advance would create an economic
 2224 hardship for the contractor (i.e., the agency should have very limited
 2225 sources of cash outside of the contract or grant agreement). The agency
 2226 requesting an advance must document this need (note: in the case of
 2227 operating requirements, to attest that the advance is a continuing need)
 2228 via the *DHHS Certification of Cash Needs* (Attachment # 12).
 2229
 2230



2231 The Certification of Cash Needs may be submitted along with the
2232 monthly reimbursement request, but it may also be sent separately.
2233 When the Certification of Cash Needs is approved, it will be forwarded to
2234 the Controller's Office where the advance will be processed at the next
2235 reimbursement cycle. The sixty-day limitation does not apply to grants
2236 with sub recipients for the purchase of capital items (e.g., start-up costs,
2237 purchase of automobiles and other capital items). In the case of capital
2238 purchases authorized in the contract or grant agreement, the entire
2239 amount budgeted for the capital expenditure may be advanced if it is
2240 purchased and paid for within 30 days, and the contractor documents
2241 that a delay of such reimbursement would create a financial hardship.
2242

2243 The DHHS Controller's Office will analyze the cash needs of the
2244 Contractor no less often than every three months. If it is determined by
2245 the Department that the advance exceeds the financial needs of the
2246 Contractor based on actual monthly expenditures, the excess advance
2247 will be reduced from a subsequent month's expenditure
2248 report/reimbursement. Any excess funds held by the Contractor that are
2249 anticipated to be unexpended as of the last day of the contract period
2250 shall be refunded to the Division by the contracting ending date.
2251

2252 c) In reference to advances beyond the 60-day limit, DHHS discourages
2253 this practice. Under unusual circumstances a request for an advance
2254 exceeding the 60 days period may be considered by the division, which
2255 may consult with the DHHS Controller's Office concerning the entity's
2256 audit history or other related fiscal matters relevant to the request. The
2257 request for advance must identify the unique circumstances that justify
2258 the advance and be signed by the entity's director and the board chair.
2259 Before requesting an advance, the board chairperson will secure the
2260 approval of the entire board. The request to the division will require the
2261 two signatures and provide evidence of the entire board's approval. The
2262 request will include the names and addresses of the board members.
2263 When the advance check is sent, all board members are to be notified by
2264 the DHHS Controller's Office.
2265

2266 **NOTE:** If a contractor is funded with Federal funds and an advance is
2267 necessary to avoid a hardship for the contractor, **the division**
2268 **MUST identify and budget state funds to support the**
2269 **advance.** All advances must be settled before June 30 the fiscal
2270 year end. Federal funds may be used to support an advance to
2271 a contractor only if such an advance is allowed by Federal
2272 regulations (some Block Grants), and the Federal funds
2273 advanced are reportable as an allowable cost, and qualify as an
2274 allowable expenditure for Federal reporting purposes, and would
2275 not otherwise require the use of State funds. Procedures for
2276 advancing Federal funds to sub-recipients shall ensure
2277 compliance with Cash Management Improvement Act (31 CFR
2278 Part 205).
2279
2280



2281 EXCEPTION: In accordance with a letter from the Administration for
2282 Children and Families, Division of Energy Assistance
2283 dated 7/2/01, the requirement to budget State funds to
2284 support advance payments to local contractors for the
2285 Weatherization Assistance Program through funds from
2286 the Low Income Home Energy Assistance Program is
2287 waived. **Exception DSS1**
2288
2289 EXCEPTION: Based on communications with the regional federal
2290 agency responsible for administering the CCDF grant,
2291 advances of CCDF Discretionary funds are allowable
2292 and the requirement to budget state funds to support
2293 advance payments is waived. **Exception DCD 1**
2294
2295 EXCEPTION: Based on communications from the Region IV
2296 Administration on Developmental Disabilities (ADD)
2297 Office under Administration for Children and Families in
2298 Atlanta, advances of ADD funds are allowable and the
2299 requirement to budget state funds to support advance
2300 payments is waived. **Exception NCCDD 1**
2301
2302 EXCEPTION: Based on communications from the Division of Energy
2303 Assistance, Office of Community Services, advances of
2304 Low Income Home Energy Assistance Program funds
2305 are allowable and the requirement to budget state funds
2306 to support advance payments is waived. **Exception**
2307 **OEO 1**
2308
2309 EXCEPTION: Based on USDA WIC Program, 7CFR Subpart E
2310 246.16(d), advances of WIC funds are allowable and
2311 required. Since these federal fund advances are a
2312 requirement of the program, the requirement to budget
2313 state funds to support advance payments is waived.
2314 **Exception DPH 2**
2315
2316 EXCEPTION: Based on USDA Child and Adult Care Food Program
2317 and the Summer Feeding Program, 7CFR Subpart C
2318 226.6(b) (10) and Subpart D226.12 (b), advances of
2319 these funds are allowable and required. Since these
2320 federal fund advances are a requirement of the program,
2321 the requirement to budget state funds to support
2322 advance payments is waived. **Exception DPH 3**
2323
2324 EXCEPTION: Based on communications from the federal Grants
2325 Management Specialist, HIV/AIDS Bureau, HRSA, and
2326 CFR Title 45, Part 74.22, advances of Ryan White funds
2327 are allowable and the requirement to budget state funds
2328 to support advance payments is waived. **Exception**
2329 **DPH 4 Repealed 6/20/2013**
2330
2331



2332 EXCEPTION: Based on communications from the federal HIV
 2333 Prevention Project Grants Management Specialist,
 2334 Centers for Disease Control and Prevention in Atlanta,
 2335 and CFR Title 45, Part 74.22, advances of HIV
 2336 Prevention funds are allowable and the requirement to
 2337 budget state funds to support advance payments is
 2338 waived. **Exception DPH 5**
 2339

2340 EXCEPTION: Based on the need for SSF LME's to be reimbursed at
 2341 the end of a state fiscal year using their State
 2342 appropriation, an advance for said funds shall be
 2343 allowed. Repayment of these advances shall be
 2344 extended after the settlement by the Regional
 2345 Accountants for SSF LME's. To document expenditures
 2346 against the payments, LME's will process shadow claims
 2347 via IPRS and/or provide documentation of expenditure
 2348 for reimbursement basis. **Exception DMH/MR/SAS 7**
 2349

2350 EXCEPTION: The requirement that State funds be budgeted to support
 2351 advances for the Federal Community Services Block
 2352 Grant-American Recovery and Reinvestment Act
 2353 (CSBG/ARRA) Program is waived. Federal
 2354 CSBG/ARRA funds may be used to make advance
 2355 payments to local sub-recipients in accordance with
 2356 DHHS policies and procedures. **Exception OEO 2**
 2357

2358 EXCEPTION: Advances to LME/MCO's for 3 way contract funds are
 2359 allowed. These advances will be based on LME/MCO
 2360 reported payments to providers based on local
 2361 adjudication of claims. This summary of payments will
 2362 be for the period July through September and the 3 way
 2363 contract advance will be recouped from subsequent
 2364 claims as they are processed through NC Tracks.
 2365 **Exception DMH/MR/SAS 11**
 2366

18. **Payments Provided to MH/DD/SAS Area Authorities/Local Management Entities (LME)**

2367 Payments to Area Authorities/Local Management Entities are based on yearly
 2368 allocations of State and Federal funds and are made in accordance with terms
 2369 identified in the DHHS/LME contract. Types of payments shall consist of 1)
 2370 System Management cost, 2) Unit Cost Reimbursement (UCR), 3) Non-UCR
 2371 expenditures, and 4) capitation model payments.
 2372

- a) Systems Management payments are based on modeled costs for the system management functions listed in the respected DHHS/LME contract. LME Systems Management payments are currently paid in 1/12th installments. The monthly payment is initially supported by 100% State appropriation and will be made during the last week of the month. LME (s) are required to submit their actual certified monthly LME Systems Management expenditures report which must be received at the DHHS Controller's Office by the 15th of the following month. From this reported expenditure data, the DHHS Controller's Office then draws in the appropriate amount of Medicaid administration funds via our cost allocation method. Sufficient time has been allotted to allow LME (s) to



2387 submit their actual expenditures for the preceding month and allow the
2388 Controller's Office to draw in Medicaid administration funds prior to
2389 releasing the next month's LME Systems Management payment. Failure
2390 on the part of the LME (s) to submit their expenditure report by the 15th of
2391 the following month will cause additional payments to not be made until
2392 the LME (s) Systems Management expenditures for that prior month are
2393 received by the DHHS Controller's Office.
2394
2395 **b)** UCR payments are made through the Integrated Payment and Reporting
2396 System (IPRS). The Division of Mental Health/ Developmental
2397 Disabilities/ Substance Abuse Services budgets both State and federal
2398 funds to reimburse LMEs for claims submitted to IPRS. The LME can
2399 earn up to their annual allocation by account/center(s). The LME reports
2400 units of service electronically to IPRS for processing and payment
2401 purposes. After the claim is edited, audited and priced, financial
2402 processing occurs to associate the claim with the budget
2403 account/center(s) from which the claim will be paid. Upon completion of
2404 the weekly check write processing cycle, the Controller's Office will
2405 review the IPRS check write reports to ensure their accuracy. The
2406 Controller's Office will initiate the transfer of funds to the Fiscal Agent to
2407 fund the weekly payment to the individual LME(s).
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2409



2410 c) Non-UCR payments are processed through NCAS. The DMH/DD/SAS
 2411 budgets both State and federal funds in account/center(s) associated
 2412 with the payment to LMEs for reimbursement of Non-UCR expenditures.
 2413 The LME reports Non-UCR expenditures on a Financial Status Report
 2414 (FSR). The FSR is certified by the LME before it is submitted for review
 2415 by the Regional Accountant. Once the FSR is reviewed and approved
 2416 the FSR becomes the invoice for the reimbursement of the LME
 2417 expenditures.

2418
 2419 Anticipated State funded Non-UCR expenditures by the LME(s) for the
 2420 month of June of each year may be reported for reimbursement prior to
 2421 the end of June. Following the close of the fiscal year, LME(s) are
 2422 required to submit a certified June FSR to their Regional Accountants for
 2423 review and processing. In the event the June payment exceeds certified
 2424 actual expenditures for the month, the LME will be instructed and
 2425 required to remit to the Division an amount equal to the over payment.
 2426

2427 d) Capitated payment plans are allowable pending DHHS approval.
 2428

2429 **19. Capital Project Disbursements for DMH/DD/SAS**
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2431 Capital project disbursements for DMH/DD/SAS shall be made in accordance
 2432 with 10 NCAC 14C 1123, Division Funds for Capital Projects.
 2433

2434 **20. Employee Travel Advances Policy**
 2435

2436 a) Employee travel advances can be issued no more than five working days
 2437 before the actual date of departure.

2438 b) Travel advances shall not be issued for less than \$50.00.

2439 c) Only one travel advance may be outstanding per employee unless a
 2440 permanent travel advance issued was issued and a special or temporary
 2441 travel advance is needed to cover special training or conferences.

2442 d) Travel advances must be approved by the employee's supervisor.

2443 e) Travel advances may not be issued to employees who have an
 2444 American Express Corporate Card for expenses that can reasonably be
 2445 expected to be charged on the card.

2446 f) In accordance with the State of North Carolina Budget Manual, Section
 2447 5, requests for reimbursement must be filed within 30 days after the
 2448 travel period ends for which the reimbursement is being requested.

2449 g) All advances must be settled before June 30 each year. (Reference:
 2450 "North Carolina Department of Health and Human Services Internal
 2451 Policy and Procedures Manual".)

2452 h) Effective 9/1/2001, DHHS will make all payments to employees'
 2453 (including travel advances) via direct deposit to the employee's bank
 2454 account registered with the DHHS Controller's Office. In order to achieve
 2455 economy in DHHS operations, reimbursement for travel expenses and
 2456 advances by direct deposit is mandatory unless the employee does not
 2457 receive his/her pay by direct deposit.
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- 21. Purchasing From Or Through State Employees Policy**
All purchases for the divisions and institutions must be in accordance with state laws, policies and procedures. Employees will not be reimbursed for purchases they make outside of purchasing guidelines. No purchase shall be made from or through a state employee except under the NC State Purchase and Contract Manual V, Purchasing *From or Through State Employees*, which requires prior approval of the Secretary of the Department of Administration.
- 22. Escheat Law - Unclaimed Property**
G. S. 116B requires that all state warrants unclaimed or uncashed for a period of 5 years must be escheated each year by March 1. The escheat law also requires that by November 1 an attempt must be made "to notify each owner at their last known address that their property, worth \$50.00 or more, became escheatable on the previous June 30 and will escheat to the State of North Carolina unless claimed." The Chief of the General Accounting/Financial Management Section shall be responsible for assuring compliance with this section and coordinating this effort with the Chief of the Program Benefit Payments Section. Within DHHS, efforts will be made to contact the payee of any check that is outstanding after 90 days. Since Federal Funds are non-escheatable, The Federal share of uncashed public assistance checks may not be escheated and must be refunded or credited to the Federal government in accordance with the applicable program regulations.
- 23. Imprest /Petty Cash Fund Policy**
- a)** All imprest or petty cash funds are to be approved by the DHHS Controller. Upon approval by the DHHS Controller, a budget revision establishing the fund may be sent to Office of State Budget, Planning and Management for their approval. All petty cash funds shall be reevaluated annually. The evaluation should address the need for the fund, the appropriateness of the funding level and assurances that the disbursements from the fund are not circumventing the purchasing process. The division/institution director will verify and justify the need for the fund's continuation and the appropriateness of its funding level to the DHHS Controller by May 31 each year. The justification should include the annual usage data and unique circumstances of the division.
- b)** Petty cash funds are to be utilized during the fiscal year for emergency purchases in situations where the normal requisitioning/purchasing process is deemed too lengthy and to provide change in the day to day operations.
- c)** Petty cash funds are to be kept at a minimal level and are to be kept locked up in a safe or file cabinet with offices locked in the absence of the fund custodian. The cashier or the employee acting as cashier is responsible for control of the imprest/petty cash funds.



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- d)** Petty cash receipts and invoices should be reconciled on an on-going basis by the custodian of the fund. Reconciliation of the petty cash fund is to be made each month by both the custodian of the petty cash fund and the employee responsible for bank deposits, or another employee designated by the Chief of the General Accounting/Financial Management Section. An audit or surprise audit of the petty cash fund is to be made not less than annually by an employee assigned by the Chief of the General Accounting/Financial Management Section or the Chief of Cost Accounting/Financial Reporting Section. In those instances where the audit finds discrepancies in cash on hand plus unreimbursed expenditures (i.e. the total must equal the amount of the petty cash fund at all times), the finding will be documented and reported to the division, Chief of the General Accounting/Financial Management Section or the Chief of Cost Accounting/Financial Reporting Section, the Institution Business Manager when applicable, and to the DHHS Controller. For outlying offices, the accountant in charge of the field office is responsible to ensure the audits are conducted. He/She may request an audit be performed by the Chief of the General Accounting/Financial Management Section who will assign staff to conduct it from locations close to the site.
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- e)** Reimbursement of expenditures made from all petty cash funds will be as needed, but not less than monthly. The petty cash fund custodian shall maintain receipts supporting each petty cash disbursement. The custodian shall prepare a request for petty cash reimbursement form provided by the DHHS Controller's Office that lists all disbursements since the last reimbursement request grouped by account/center and the amount of petty cash on hand as of the time and date the reimbursement request is mailed. The sum of the listed disbursements and the cash on hand should equal the authorized amount of the petty cash fund at all times and any differences must be fully explained. Petty cash reimbursement requests are to be submitted to the appropriate branch in the General Accounting/ Financial Management Section within the DHHS Controller's Office. (See DHHS Controller's Office Procedure GA026 for an example procedure and Petty Cash Request For Replenishment and Reconciliation form to be used by the Schools of the Division of Deaf and Hard of Hearing)
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- f)** The entire petty cash fund is to be deposited with the State Treasurer by the end of the fiscal year.
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- 24. Revolving Funds Policy**
For the purpose of this policy a revolving fund is any fund established to operate from its own receipts (i.e. a fund established for large meetings, conferences, special events, special revenue funds, service funds and enterprise funds). Any such funds must be approved by the DHHS Controller and will also require at minimum an approval of an internal budget revision before receipt or disbursement of any funds. Requests to establish a revolving fund will be from the Division's Director or Budget Officer indicating the purpose and need for the



2558 fund, the appropriateness of the level of funding and the assurance that the fund
 2559 will not be used to circumvent the purchasing or budgeting process. The request
 2560 should also include the Federal or State legislation which authorizes/requires the
 2561 establishment of the fund. Upon approval by the DHHS Controller, the
 2562 Department will submit a request to the State Treasurer's Office for approval.
 2563 The revolving fund shall be reevaluated annually. The evaluation should
 2564 consider the continued need for the fund, the appropriateness of the funding
 2565 level, and the assurance that the fund is not being used to circumvent the
 2566 purchasing process. The Division Director will verify this to the DHHS Controller
 2567 by May 31 each year. The Division Budget Officer will indicate, on the division
 2568 director's request, his/her concurrence or non-concurrence with the
 2569 appropriateness and level of the fund.

- a) These funds are to be utilized during the fiscal year for the stated purpose of the fund.
- b) The division/ director shall designate an employee who is responsible for control of the revolving fund.
- c) The DHHS Controller's Office will provide and be responsible for receipts, disbursing and accounting functions incident to the operation of any such funds.

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2580 **25. Patient/Student Personal Funds Disbursement Policy**

2581 Due to the diverse treatment groups residing in DHHS institutions, the institution
 2582 director or school director must establish an institution specific policy to control
 2583 distribution, expenditure, handling, accountability, and safe maintenance of
 2584 patient/student personal funds maintained on wards/units. This policy must
 2585 address the following minimum internal controls, and must be submitted for
 2586 review and approval by the DHHS Controller. (See Example Institution Personal
 2587 Funds Policy - Attachment 13)

- a) Ward/Unit Accounting procedures and security measures. (i.e. money envelope systems, locked files, etc.)
 - (1) Cash receipt procedure.
 - (2) Cash disbursement procedure.
 - (3) Withdrawal Request procedure
- b) Accounting for Patient/ Student Trip and Outing Funds Withdrawn:
 - (1) Positions authorized to request and/or receive and spend funds
 - (2) Type of expense documentation required
 - (3) Return of unexpended funds to institution/school cashier
- c) Group Purchase Policy and Accounting
- d) Positions authorized to approve and submit Personal Funds Withdrawal Request forms to the Controller's Office.
- e) Positions authorized to approve expenditures or allowances from ward/unit personal envelopes and documentation required.
- f) Policy on type/class of patients/students allowed to retain and manage their own funds on wards/units. DHHS suggests one week's allowance, so all patients' funds cannot be lost or stolen from wards/units.
- g) Maximum amount of patient/student funds that may be retained in cash on the ward/unit for each patient/student.
- h) Types of expenditures allowed and who other than patient/student can make a spending decision.



- 2610 i) Reconciliation of patient's ward/unit cash on hand to the money envelope
- 2611 balance.
- 2612 j) Weekly Ward/Unit Cash Report to show Total Cash on Hand vs. Totals
- 2613 on Envelopes and Cash Short, Missing or Alleged Stolen Funds.
- 2614 k) Periodic surprise audit of ward cash to balances on money envelope.
- 2615 l) Positions authorized to request refund checks when client is discharged.
- 2616 Cash Refunds will not be allowed, but the cashier may cash check for
- 2617 patient/student or responsible party.
- 2618 m) Requirements for expenditure of Social Security Funds.
- 2619 n) Requirements for expenditure of VA Funds.
- 2620

26. Employee Time Sheets Required to Document Charges To Federal Grant Programs and Contracts Policy

Employees that work on a Federal program and one or more other Federal, State programs or cost objectives shall separately account for time spent in each Federal program, each cost allocable or indirect cost activity and all other State funded programs on a standard *DHHS Federal Time Reporting Record*. Time shall be charged in quarter hour units. The *Federal Time Reporting Record* shall be prepared in addition to and in balance with the Monthly Report of Hours Worked and Leave Taken Report. *Federal Time Reporting Records* shall be signed by the employee's immediate supervisor to indicate that time charged to Federal programs is allowable in accordance with the grant agreements or contracts to which time has been charged. All *Federal Time Reporting Records* shall be completed and sent to the DHHS Controller's Office Cost Allocation Unit no later than the fifth working day following the end of each month. Federal programs shall not be direct charged for indirect cost activities.

27. DHHS Contract Reimbursement Request and Certification Policy

As a precondition to any payment or reimbursement under a DHHS purchase of service contract or a financial assistance agreement, all DHHS contractors and financial assistance recipients shall complete a *DHHS Reimbursement Request and Certification Form* that must be signed by the chief executive officer of the contracting or recipient organization on a monthly basis. *The DHHS Reimbursement Request and Certification Form* may be modified to meet the needs of a specific program or type of contract, but the form will in all cases include one of the following certifications as appropriate. Requests for reimbursement will be required no less than monthly.

Certification for Financial Assistance Agreement

As chief executive officer of the recipient organization, I hereby certify that the cost or units billed for reimbursement on the above Request for Reimbursement were incurred or delivered according to the provisions of the assistance agreement. I further certify that any required matching expenditures have been incurred, and that to the best of my knowledge and belief we have complied with all laws, regulations and contractual provisions that are conditions of payment under this contract.

Certification for Purchase of Service Contract

As chief executive officer of the contracting organization, I hereby certify that the units billed to DHHS on this public payment voucher have been delivered in accordance with the conditions of the contract, and that to the best of my knowledge and belief we have complied with all laws, regulations and contractual provisions that are conditions of payment under this contract.



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28. Electronic Payments - Disbursements
DHHS shall utilize electronic payments, in accordance with G.S. 147-86.22 and the State Cash Management Plan, to the maximum extent possible and consistent with sound business practices. The State Controller has approved the DHHS Electronic Payments Business Plan. DHHS will utilize the Master Settlement Agreement (MSA) for electronic payment processing and has established policies and procedures necessary to facilitate the use of electronic payments. DHHS has incorporated the statewide electronic payment policies and procedures established by the State Controller.

29. Cash Management Improvement Act (CMIA) Compliance
Federal Funds received for major assistance programs to support disbursements that are governed by the Cash Management Improvement Act of 1990, are drawn in accordance with the current State/Federal agreement.

Federal funds drawn to support expenditures are deposited to the federal fund budget code 34410. These funds are timed to be on deposit with the State Treasurer no more than two business days prior to disbursement/transferring them to the General Fund Budget Code 144xx of the respective DHHS Divisions.

A. Disbursements - Required Components of DHHS Cash Management Plan Responsibilities Matrix Supplements

The Cash Disbursements Section of the *DHHS Cash Management Plan Responsibilities Matrix Supplement (Matrix)* will be completed by the General Accounting/Financial Management Section and the Program Benefit Payments Section of the DHHS Controllers Office. In addition, this Matrix will be completed by any DHHS division or institution that has employees that are responsible for performing any of the cash disbursing functions listed below. The Matrix is to be updated and forwarded to the DHHS Controller for approval whenever physical locations or the assignment of listed tasks to positions change. The Matrix forms and instructions for their completion are available in hard copy (See Attachment 16) or Excel workbook format from the DHHS Controller's Office Accounts Receivable Section. Any changes to a division's or institution's approved Matrix must be approved by the DHHS Controller. All functions must have a designated employee to act as back up.

1. An employee(s) must be designated to receive original vendor invoices or contractor reimbursement requests with supporting documentation and to desk audit the invoice for accuracy and completeness, due date, discount rate if applicable, signed receiving report or approval of a designated division or institution manager, and other pertinent information. The desk audit of each invoice, or reimbursement request is to include verification of invoice math, comparison of the invoice with items and quantities ordered/provided per the purchase order or contract, comparison of the unit price and total price with prices on the purchase order or contract and comparison of items invoiced with the receiving reports, and packing slips. Payment will not be made for any item or service not properly ordered, not received, incorrectly priced, damaged in transit or back ordered. Original invoices and reimbursement requests are to be utilized for processing payments and to support the payment files. Duplicates are to be used only if the original invoice or reimbursement request is misplaced and only after verification that the invoice or reimbursement request has not already been paid. These employees will insure that the original and all copies of the invoice or reimbursement request are stamped PAID with the date it is processed.



-
- 2719 2. An employee(s) must be designated to batch control all payment vouchers.
 - 2720 3. An employee(s) must be designated to code invoices/reimbursement requests for
2721 entry into NCAS Accounts Payable. Differentiate between employees who
2722 determine account/center coding and those that process disbursements that are
2723 pre-coded by the system from the purchase order encumbrance transactions that
2724 are coded by employees outside the Controller's Office.
2725
 - 2726 4. An employee(s) must be designated to determine correct coding for purchase
2727 order encumbrance transactions before entry in the NCAS purchasing system.
2728
 - 2729 5. An employee(s) must be designated to process non purchase order
2730 disbursements, including state level contracts, travel, client transportation,
2731 telephone, utilities, postage, data processing service, refunds of receipts,
2732 purchase of service contracts and administrative contracts.
2733
 - 2734 6. A division/institution management employee(s) must be designated to approve
2735 non-purchase order vouchers and refunds for payment.
2736
 - 2737 7. An employee(s) must be designated to review the Control Group Status (CGS)
2738 on NCAS daily for balanced batches to ensure invoices vs. keyed information
2739 matches.
2740
 - 2741 8. An employee(s) must be designated to perform the NCAS check printer audit
2742 function and to review appropriateness of manual checks written.
2743
 - 2744 9. An employee(s) must be designated to control the signature cartridge.
 - 2745 10. An employee(s) must be designated to control access to the blank check stock
2746 and pre-printed check stock.
2747
 - 2748 11. An employee(s) must be designated to be responsible for preparation of the
2749 quarterly sales tax report.
2750
 - 2751 12. An employee(s) must be designated to cancel a previously written check.
 - 2752 13. An employee(s) must be designated with authority to re-issue a previously
2753 canceled check.
2754
 - 2755 14. An employee(s) must be designated to be responsible for safe keeping of signed
2756 checks not mailed or delivered at the end of the work day.
2757
 - 2758 15. An employee(s) must be designated to perform the monthly audit of NCAS check
2759 printer as set forth in DHHS NCAS Procedures.
2760
 - 2761 16. An employee(s) must be designated to be responsible for custody and operation
2762 of each imprest cash fund including petty cash and/or change funds.
2763
 - 2764 17. An employee(s) other than the imprest cash fund custodian must be designated
2765 for auditing the disbursements and reimbursements of each imprest cash fund
2766 monthly.
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18. Each DHHS Cash Management Plan Responsibilities Matrix Supplement will identify the location, amount and employee position number of the fund custodian for each petty cash fund and change fund authorized by the DHHS Controller under this Plan.
 19. An employee(s) must be designated to assure that vendor invoices for partial shipments are noted on purchase orders (NCAS agencies do this on-line).
 20. An employee(s) must be designated to assure that the company/account /center coding per the purchase order or requisition is correct.
 21. An employee(s) must be designated to assure that invoices for utility services are reviewed and approved for payment by management officials outside the Controller's Office in accordance with an official delegation of approval authority.
 22. An employee(s) must be designated to prepare debit memorandums used to charge vendors for shortages, defective materials, etc. and to obtain approval by the designated supervisory staff.
 23. An employee(s) must be designated to assure that construction contract payments are approved by the Budget Officer, retainages are correct and percentage of completion is certified by the managing project engineer or architect.
 24. An employee(s) must be designated to assure that voided checks are kept and filed and signatures are mutilated.
 25. An employee(s) must be designated to be custodian of the check signature cartridges.
 26. An employee(s) other than the custodian of the check signature cartridges must be designated to be custodian of the blank check stock.
 27. An employee(s) must be designated to sign checks and process signed checks. The duties of employees who sign checks or process signed checks will exclude:
 - a) Recording cash receipts
 - b) Handling Petty Cash
 - c) Desk auditing invoices
 - d) Custodian of the blank or preprinted check stock
 - e) Approving vouchers for payment
 - f) Time keeping or approval of client/student payrolls
 - g) Posting to Accounts Receivable
 - h) Requesting or authorizing refunds of receipts
 - i) Vendor file maintenance
 28. An employee(s) must be designated to assure that signed, unmailed checks are stored in a safe or locked environment until they are sent to the mailroom.
 29. An employee(s) must be designated to assure that each Federal program is charged only for allowable benefiting direct and indirect cost specifically related to the program activity.



-
- 2825 30. An employee(s) must be designated to assure that interfund and interbank
2826 account transfers are approved by authorized management employees outside
2827 the Accounts Payable and Cash Disbursing Branches on forms designed for this
2828 purpose.
2829
- 2830 31. All DHHS divisions/institutions that utilize any credit cards that are in the name of
2831 the division/institution will list each credit card by name of the credit card (NCNB
2832 VISA, for example), person responsible for the credit card and uses of the card in
2833 *their DHHS Cash Management Plan Responsibilities Matrix Supplement.*
2834
- 2835 32. An employee(s) must be designated to control and balance the month end and
2836 fiscal year end close out process and to certify closings to OSC.
2837
- 2838 33. An employee(s) must be designated to balance NCAS monthly with each
2839 subsystem that serves as a source system for posting transactions to NCAS or
2840 that maintains subsidiary detail information.
2841
- 2842 34. A copy of the institution or school approved personal funds disbursement policy
2843 must be included as an attachment to the DHHS Cash Management Plan
2844 Responsibilities Matrix Supplement for each DHHS facility.
2845



2846 **III. Management Over Inventory And Supplies**

2847 **A. Cash Management Over Inventory and Supplies**

2850 **1. Inventory Quantity On Hand Policy**

2851 Inventories shall be managed in a manner that ensures that only the minimum
2852 supply level necessary to conduct business without disruption is stocked.
2853 Economical order quantities shall be considered in implementing procedures to
2854 control inventories.

2856 **2. Purchase Requisition Policy**

2857 a) Requisitions are to be prepared by authorized staff and are to be
2858 approved by the respective section supervisor. Requisitions are entered
2859 in E-Procurement and submitted to the division/institution purchasing
2860 office for issuance of a purchase order. A check for availability of funds is
2861 automatically performed when the purchase order is entered in the
2862 system. It is DHHS policy that all procurements including contracts
2863 should be encumbered in the NCAS. Any item contracts that will not be
2864 automatically encumbered by NCAS must be certified for available funds
2865 and manually encumbered by the division/institution budget offices.
2866 Invoices and requests for payment that are not properly encumbered will
2867 be refused for payment until available funds are certified at the fund
2868 object level by the division/institution budget office.

2870 b) Once the purchase order is processed in E-Procurement, the appropriate
2871 account(s) and center(s) are automatically encumbered or the item is
2872 placed on the budget exception queue for resolution by the
2873 division/institution budget office. The requisition is not matched against
2874 the purchase order. At the time the invoice is received, matching occurs
2875 to the purchase order. Payment will not be authorized for any
2876 procurement until the goods or services are received and accepted by an
2877 authorized division/institution requestor, and the receiving report is
2878 entered in E-Procurement for matching to the invoice and purchase
2879 order. For contracts and other payments the chief of the section
2880 responsible for administration of the contract or administrative approval
2881 of the service or the division purchasing officer will approve and forward
2882 a signed DHHS Payment Voucher Request with the original invoice to
2883 the designated DHHS Controller's Office Accounts Payable Unit.
2884 Requests for payment on contracts must include the applicable
2885 reimbursement/certification form signed by the contractor.

2887 c) Purchases from petty cash shall be in accordance with DHHS
2888 Purchasing Manual Policy. See rules and procedures governing small
2889 purchases and local purchasing authority (LPA). In general,
2890 divisions/institutions may make small purchases off State contract up to
2891 their agency delegation remaining in compliance with the direct pay
2892 policy. These purchases can be made from a petty cash fund if usage is
2893 requested and approved when the fund is established or reauthorized
2894 each year. Questions concerning small purchase rules should be
2895 directed to the DHHS Purchasing Office.



2899 EXCEPTION: DVRS' new client case management subsystem (BEAM)
 2900 manages all client based contracts, encumbrances, and
 2901 payments. The BEAM subsystem fully encumbers all
 2902 client based contracts and the payments occurring
 2903 against these contracts through client authorizations that
 2904 will reduce the encumbrance balances. The BEAM
 2905 subsystem transmits to NCAS an accounts payable
 2906 interface file that will submit all vendor and payment
 2907 information for checks to be issued directly from NCAS
 2908 and since these contractual payments are purchase
 2909 order driven, the encumbrances in NCAS are not be
 2910 affected at all by the accounts payable interface file
 2911 which is the purpose for this exception request. DVRS is
 2912 granted an exception to no longer encumber client
 2913 based contracts in NCAS **Exception DVRS1**
 2914
 2915

3. The Fixed Asset System (FAS) Responsibility

- 2916 a) An annual inventory of the division/institution fixed assets is to be
 2917 conducted before May 31.
- 2918 b) To assure the accuracy of fixed assets records on a continuing basis, it
 2919 is necessary to reconcile Fixed Asset System (FAS) records with NCAS
 2920 on a periodic basis. A DHHS Controller's office employee shall be
 2921 assigned FAS responsibility for each division/institution (designated FAS
 2922 employee). The division/institution designated FAS employee shall
 2923 reconcile the FAS records to the NCAS records on a monthly basis.
 2924
 2925
- 2926 c) An additional reconciliation may be necessary after completion of the
 2927 annual physical inventory and the resulting FAS adjustments. This year-
 2928 end reconciliation will be of primary importance in assuring the integrity
 2929 of the division annual financial statements and will also be the
 2930 responsibility of the designated FAS employee. Balancing and
 2931 reconciliation forms and procedures are outlined in the Fixed Assets
 2932 System User's Manual.
 2933
 2934
- 2935 d) Each division/institution Section Chief or Program Manager shall be
 2936 assigned responsibility for their equipment. Any transfer of equipment or
 2937 other assets from one section/office/NCAS Center must be formally
 2938 transferred by completing the appropriate forms. These forms must be
 2939 completed, signed and forwarded to the division/institution's designated
 2940 FAS employee in the DHHS Controller's Office. Individuals to whom
 2941 equipment is assigned are not relieved of responsibility for that
 2942 equipment, regardless of whether it has been physically transferred to
 2943 others, unless written notice of release of the item and reassignment to
 2944 another individual is submitted to the designated FAS employee via the
 2945 appropriate forms.
 2946
 2947
- 2948 e) The DHHS Section Chiefs or Program Managers in each DHHS Division
 2949 and Institution shall conduct an annual inventory of equipment and other
 2950 assets in their charge costing \$500.00 or more in accordance with
 2951 procedures issued annually by the DHHS Controller's Office accountant
 2952 with fixed asset responsibility for the division/institution. Items costing



2953 less than \$5,000 are not counted for reporting in the State's
2954 Comprehensive Annual Financial Report (CAFR).
2955

2956 f) Federally funded fixed assets are identified in the FAS. Prior to transfer
2957 (either inter or intra-division/institution) or other disposition of Federally
2958 funded fixed assets, the DHHS Section Chief of General
2959 Accounting/Financial Management who has custody of the fixed assets
2960 will consult with the designated FAS employee to determine if the
2961 transfer meets Federal requirements. The appropriate FAS transfer or
2962 disposal forms must be completed, signed and forwarded to the
2963 designated FAS employee. The divisions/institutions will follow
2964 prescribed uniform standards governing the utilization and disposition of
2965 property furnished by the Federal Government or acquired in whole or in
2966 part with Federal funds or whose costs have been charged to a Federal
2967 grant or contract when surplus property (capitalized equipment).
2968

2969 g) Fixed asset surplus procedures as defined by the Fixed Asset System's
2970 User Manual and the Department of Administration State Surplus
2971 Property Agency will be followed.
2972

2973 **4. Physical Inventory Of Supplies**

2974 A physical inventory of supplies is required for inclusion in the Department's
2975 CAFR each year before June 30. Division/institution sections that have
2976 responsibility for placing orders or maintaining supply inventories have the
2977 responsibility for conducting a physical inventory supplies and reporting the
2978 results to the DHHS Controller's Office.
2979

2980 **B. Inventory and Supplies -- Required Components of DHHS Cash
2981 Management Plan Responsibilities Matrix Supplements**

2982 The Management Over Inventory and Supplies Section of *the DHHS Cash Management
2983 Plan Responsibilities Matrix Supplement (Matrix)* will be completed by the General
2984 Accounting and Financial Management Section of the DHHS Controllers Office. In
2985 addition, this Matrix will be completed by any DHHS division or institution who has
2986 employees that are responsible for performing any of the below listed inventory or supply
2987 functions. The Matrix is to be updated and forwarded to the DHHS Controller for
2988 approval whenever physical locations or the assignment of listed tasks to positions
2989 change. The Matrix forms and instructions for their completion are available in hard copy
2990 (See Attachment 16) or Excel workbook format from the DHHS Controller's Office
2991 Accounts Receivable Section. Any changes to a division or institution's Matrix must be
2992 approved by the DHHS Controller. All functions must have a designated employee to act
2993 as back up.
2994

2995 1. An employee(s) must be designated to encumber all purchases and contracts in
2996 NCAS.
2997

2998 2. An employee(s) must be designated to resolve NCAS budget exceptions.
2999

3000 3. An employee(s) must be designated to verify incoming shipments of equipment
3001 and supplies against the NCAS receiving copy of the purchase order and to enter
3002 items received in NCAS.
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3004 4. An employee(s) must be designated as custodian for each inventory stock (i.e.,
3005 warehouse, pharmacy, dietary, housekeeping, medical supplies, office supplies,
3006 forms, etc.).



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5. An employee(s) must be designated for ensuring that sufficient funds are available for a purchase order or contract to be written.
6. An employee(s) must be designated for the reconciliation of the Fixed Asset System (FAS) records to the NCAS records on a monthly basis.
7. An employee(s) must be designated to be responsible for the annual inventory of supplies.



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8. An employee(s) must be designated for assuring that all fixed asset transactions are properly entered in the Fixed Asset System.
 9. An employee(s) in each DHHS Section must be designated to be responsible for conducting the annual inventory of fixed assets. This employee will plan and coordinate the physical inventory between the DHHS Controller's Office designated FAS employee and division/institution section.



3026

Appendix



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3028

3029 **Attachments:**

3030



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**

**Reply To:
Medical Facilities Services
(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 CMS 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
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. CMS/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.



3174 **Standard Procedure for Deposit of Funds Exempt From the Daily Deposit Act -**
3175 **Attachment 4**

3176
3177 Funds received can be deposited on a weekly rather than daily basis as long as the total collections are
3178 less than \$250.

3179
3180 Immediate deposit is required at any time when as much as \$250 has been received.

3181
3182 Weekly deposits should be made Thursday in time to meet the bank's cut-off time. This will allow
3183 investment of these funds over the weekend and thus maximize interest income to the State.

3184
3185 Weekly deposits must always be made on Thursday even if the \$250 threshold has already been met on
3186 another weekday.

3187
3188 When a cut-off is established and a deposit is made, all funds on hand should be deposited in full.

3189
3190

3191



3192 **DHHS Exceptions to the Daily Deposit Act – State Treasurer’s Approval Letters -**
3193 **Attachment 5**
3194

3195 These letters are on file in with the Office of the Controller. You may obtain a copy by calling
3196 the Accounts Receivable Section at (919) 334-1219.
3197



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, payer(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 facility name, on behalf of the institution and the North Carolina Department of Health and Human Services.

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

1. The payer(s) agrees to pay the sum of \$ insert amount per month for the State operated health care treatment, support and maintenance (services) provided to insert patient name. Payments will be made on the aforementioned bill that 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 N.C. Department of Health and Human Services hereby agrees to accept in full and final settlement of any claim against said payer(s) for State operated health care treatment, support and maintenance (services) 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. In event of default in payment by payer(s), the full cost of State operated health care treatment, support and maintenance (services) will be assessed in the amount of \$ insert amount, which amount 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 payer(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 _____



3294 Page 2

3295

3296 .

3297

3298 **WITNESS our hands and seals.**

3299

3300 _____ (SEAL)

3301 _____ Address

3302

3303 _____ (SEAL)

3304 _____ Address

3305

3306 _____ *Signature* (SEAL)

3307 **Director of Reimbursement**

3308

3309 _____ *Signature* (SEAL)

3310 **Patient/Relative**

3311

3312 **Sworn to and subscribed before me this the ____ day of _____ 19____**

3313

3314 _____ *Signature of Notary*

3315 **Notary Public**

3316 **My Commission Expires:** _____

3317

3318



3319 **DHHS Facility - Ability to Pay Agreement - Attachment 9**

3320
3321 **MEMORANDUM OF AGREEMENT**

3322
3323 **Client Name** _____
3324 **Date of Admission** _____
3325 **Account #** _____
3326 **Medical Record #** _____
3327

3328 **I understand that the daily charge of which I have been notified is an adjusted rate based upon my ability to**
3329 **pay, and I agree to pay \$_____ per day for services rendered by the Department of Health and Human**
3330 **Services, Division of MH/DD/SAS. This charge is in addition to any funds received by**
3331 _____ **(insert Hospital name) as payee for _____ (client name) from**
3332 _____
3333 :

3334 **I further agree to promptly notify the institution of any change in my financial status. Upon receipt and**
3335 **verification of any change in financial condition of client and/or legally responsible person or other**
3336 **responsible party, the Department of Health and Human Services, Division of MH/DD/SAS is empowered to**
3337 **increase or decrease the rate to be charged based upon the provisional rate schedule. Upon such**
3338 **determination, a new agreement with increased or decreased rates may be made.**
3339

3340 **Unless you are the patient’s guardian, and sign only in your capacity as guardian, when you sign as the**
3341 **legally responsible person or other responsible party, your signature constitutes an agreement to pay this**
3342 **amount and be bound by this contractual agreement. If you default in the payment of a compromise account**
3343 **or of any installment, then it is required that the full actual cost of care shall be assessed and payable. This**
3344 **agreement is executed in accordance with General Statute 143-118.**
3345

3346 **The signature below acknowledges that the client, legally responsible person or other responsible party has**
3347 **read or has been made fully aware of the payment requirements of this agreement.**
3348

3349 **Signed** _____ **Date** _____
3350 **Client/Legally Responsible Person/Other**
3351 **Relation to Client** _____
3352

3353 **Facility:** _____
3354 **Signed:** _____ **Date** _____
3355 **Patient Relations Representative**
3356 **Supervisor**
3357



3358 – **DHHS Facility - Procedure for Determining Patient’s Ability to Pay - Attachment 10**

3359 **PROCEDURE: ABILITY TO PAY, ADMISSION / READMISSION NON-HEARTS REIMBURSEMENT**
3360 **OFFICES**
3361
3362

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 General Statutes 143-117.1 and 143-118 and to provide an outline and tool for the documentation of ATP data:

- A. The following steps are to be followed to determine the client’s and /or responsible party’s ATP rate.
- B. The Reimbursement Patient Representative (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:

- Client’s Name: Enter exactly as on hospital records.
- 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.



3411 **EXPENSES:**

3412 Dependents - Enter the number of dependents (do not include client and spouse) in the first blank line

3413 under the word Dependents, multiply by the federal allowance (see attached Federal Tax Tables for

3414 "Dependents"), and enter the total on Line (a).

3415

3416 Standard Deduction - Select the appropriate standard deduction from the Federal Tax Tables and enter

3417 the figure on line (b).

3418

3419 Other Expenses - These should be individually described and subtotal figures (annual amounts) should

3420 be listed accordingly on the line provided. The "Total Other Expenses" is a total of the individual 'other

3421 expenses' and this figure should be entered on Line (c). "Other Expenses" could include, but not be

3422 limited to, medical expenses, life insurance premiums, dental (non-cosmetic) expenses, child support

3423 payments, government pay backs, etc.

3424

3425 **TOTAL EXPENSES:** Add the figures from lines (a), (b), and (c) in item 5 and enter this figure on the

3426 designated line.

3427

3428 **TOTAL ANNUAL ADJUSTED INCOME:** Subtract Line 6 (**TOTAL EXPENSES**) from Line 4 (**SUB-TOTAL**

3429 **ITEMS 1, 2, 3**) and enter the result on the line provided for "Total Annual Adjusted Income" (Line 7).

3430

3431 **FIXED INCOME:** Describe the type of Fixed Income (i.e. Social Security, VA, RR, etc.) the name of the

3432 responsible party (representative payee), the total amount of the monthly check, the amount that will be

3433 deposited monthly to the client's Personal Fund Account, and the remaining balance of the monthly

3434 check. Divide the "Balance" by 30 and enter the result on the line entitled "Rate".

3435

3436 **NOTES:** Client rehabilitation or on-campus wages should not be included as an income source.

3437

3438 If the facility is the representative payee of the fixed monthly income, do not include this "rate" in the

3439 overall ATP rate.

3440

3441 Sixty percent (60%) of the fixed monthly income is a guideline for the amount to enter in the "balance"

3442 column but the RPRR may increase or decrease the rate based upon the client's financial situation,

3443 obligations, and / or anticipated length of stay.

3444

3445 **PROVISIONAL RATE:** Add the "Rate" figures in lines 8 and 9 and round to the nearest dollar.

3446

3447 **RATE TO CHARGE:** This represents the amount that will be charged to the Guarantor. If the RPRR

3448 decides to adjust the "Rate to Charge", the RPRR must document the reason in the "Comments" section

3449 of the worksheet and the Reimbursement Patient Relations Supervisor must sign (approve) the change

3450 from the "Provisional Rate". This figure should also be rounded to the nearest dollar.

3451

3452 When the RPRR has determined an ATP rate, the **MEMORANDUM OF AGREEMENT (Attachment 9)**

3453 should be completed, explained to the client and/or responsible party, signature and date of the client or

3454 responsible party obtained, and presented to the Reimbursement Patient Relations Supervisor for review

3455 and signature (approval). ATP worksheets and Memorandums of Agreements must be signed and dated

3456 by the Patient Relations Supervisor.

3457

3458 The originals of the signed Memorandum of Agreement and APT worksheets should be retained in the

3459 Reimbursement Department files. A copy of the signed Memorandum of Agreement should be given to

3460 the client or responsible party.

3461

3462 If the client or responsible party refuses to sign the Memorandum of Agreement, the full daily rate should

3463 be charged.

3464



3465 Adjustments to client's "Patient Account" are the responsibility of the RPRR's. All ATP's, ATP changes,
3466 etc. should be communicated in writing to personnel responsible for posting charges and adjustments in
3467 order to create correct patient account balances and statements.
3468

3469 Annual ATP Reviews should be conducted for all ATP clients that have been hospitalized for at least one
3470 year. ATP rates should be adjusted according to the current financial situation of the clients, and the
3471 facility Reimbursement Patient Relations Supervisor is responsible for having a system in place that
3472 guarantees annual reviews and updates of ATP rates on all "long term" clients.
3473

3474 Important Reminder: ATP charges to parents of clients that are minors (under 18 years of age) should be
3475 reduced by 50% for the first 120 calendar days after admission and should not exceed the "reduced set
3476 rate" after 120 calendar days.
3477



3478 **Ability to Pay Worksheet**
 3479 **Client Name** _____
 3480 **Case Number** _____

3483 **ANNUAL GROSS INCOME:**

3484	Description	Amount
3485	_____	_____
3486	_____	_____
3487	_____	_____
3488		

3489 **Total Annual Gross Income** _____

3491 **HOMESTEAD:**

3492	Description	Amount
3493	_____	_____
3494	_____	_____
3495	_____	_____
3496	Less Homestead Allowances	_____

3497 **Net** _____ **x 10 %** _____

3500 **OTHER ASSETS:**

3501	Description	Amount
3502	_____	_____
3503	_____	_____
3504	_____	_____
3505	_____ Total Other Assets	_____ X 10%

3507 **SUB-TOTAL ITEMS 1, 2 and 3** _____

3509 **EXPENSES:**

3510 **Dependents: (includes blind, or aged 65 and over)**
 3511 No. _____ x Allowance _____ (a) _____
 3512 (b) _____

3513 **Standard Deduction:**

3514	Other Expenses:	
3515	Description	Amount
3516	_____	_____
3517	_____	_____
3518	_____	_____

3520 **Total Other Expenses** _____ (c) _____

3521 *Note: Actual printout may differ from what is seen here*

3522 -

3523



3524 **Sample Collection Letters - Attachment 11**

3525
3526 **Example Of Collection Letter For An Account That Is 1-30 Days Past Due:**

3527
3528 *Insert Date*

3529 *Insert Debtor's Name*

3530 Street Address

3531 City, State, Zip Code

3532
3533 Re: Account # _____

3534
3535 Dear _____:

3536
3537 The North Carolina General Assembly has defined in law (G.S. 147-86.23) that interest and penalties
3538 shall be charged on all past due accounts receivable from the due date until the date payment is made.
3539 This law requires State agencies to assess interest charges at a rate set by the Department of Revenue
3540 and impose a 10% penalty on all accounts owed. The attached invoice from the Department of Health
3541 and Human Services, Division of _____ indicates as of _____ your account,
3542 number _____, has a balance of \$ _____ that is now past due.

3543
3544 **Please pay the full balance of your account now. If you fail to remit the full amount within 30 days**
3545 **from the date of this notice, we will assess a 10% penalty on the principal owed to the State. In**
3546 **addition, we will assess interest on your account of 7% per year, or .58% monthly, until your**
3547 **account is paid in full.** Further, the Office of State Controller's Accounts Receivable policy requires the
3548 Department to refer accounts 60 days past due to a collection agency. We will forward your account to a
3549 collection agency for processing 60 days from the date of this transmittal.

3550
3551 If you have any questions regarding the above, please call _____ in the Accounts
3552 Receivable Section, at (919) _____.

3553
3554 Sincerely,

3555
3556 *Name of Collector*
3557 DHHS Controller's Office

3558



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

Insert Date

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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 Department of Revenue on all accounts owed. Records of the 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 7% per year, or .58% monthly, until your account is paid in full. 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 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:

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3629

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 Department of Revenue on all accounts owed. Records of the 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 immediately. If you fail to remit the full amount due, we will continue to assess interest on your account at the rate of 7% per year, or .58% monthly, until your account is paid in full. Additionally, the Office of State Controller's Accounts Receivable Policy requires the Department to refer accounts 60 days past due to a collection agency having a contract with the Attorney General's Office for processing. Because your account is more than 60 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



3634 **Example Institution Personal Funds Policy - Attachment 13**

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PURPOSE

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

POLICY

I. General

- A. Central Regional 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.
- B. All employees authorized to handle patients' money are bonded by the State.
- C. 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).
- D. 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).
- E. Written permission from the patient or legal guardian must be obtained before funds may be sent home to families or other parties.
- F. 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.
- G. 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 Central Regional Hospital psychiatric patients.
- H. 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.
- I. 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 monies by a designated employee of this institution.



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- J. 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 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.
 - K. 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.
 - L. 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.
 - M. All cash funds shall be carried to the Cashier's Office and in no circumstances sent through the inter-office mail service.
 - N. Two 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).
- II. 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").
- III. Cashier's Office Receipts
- A. Funds may be deposited in the Cashier's Office for patients' personal accounts Monday through Friday during the following hours: 0830 hrs - 1130 hrs; 1300 hrs - 1545 hrs
 - B. 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:
 1. Original copy of receipt to person depositing funds.
 2. 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.



- 3738 3. Second carbon copy retained in Cashier's Office in numerical sequence.
3739
3740 4. Third carbon copy to custodian of Unit Cash Box.
3741
3742 IV. Unit Receipts
3743
3744 A. Funds may be received on the unit on weekends or at times when the Cashier's Office is not
3745 open and the Cash Box Custodian is not on duty.
3746
3747 1. The Screening and Admissions staff or a designated unit employee will issue a pre-numbered
3748 receipt to the individual tendering the funds (Exhibit A). Distribution of the pre-numbered
3749 receipts will be as follows:
3750
3751 a. Original copy of receipt given to person tendering the funds.
3752
3753 b. First carbon copy of receipt, along with the funds, shall be deposited with the Cashier's
3754 Office. Cashier's Office will file these in numerical sequence.
3755
3756 c. Second carbon copy of receipt shall be retained on the unit in its receipt book. The receipt
3757 received from the Cashier's Office for deposit shall be attached to this copy as evidence
3758 that the funds were actually deposited.
3759
3760 2. In all units except Pre-Trial Evaluation, all funds receipted shall be placed in cash box and/or
3761 deposited to Cashier's Office. (See APM II. P-6-2 for after hour deposits to the Cashier's
3762 Office). Funds receipted in Pre-Trial Evaluation may be given directly to the patient, but must
3763 first be posted to the Unit Money Record Sheet. The Unit Money Record Sheet must be
3764 maintained with all receipts and withdrawals at all times for the protection of both the patient
3765 and the Hospital. Patients and or two staff (one being the Nurse in Charge) must sign the
3766 Unit Money Record Sheet when disbursing funds to patients in this manner.
3767
3768 3. At the request of family, or at the discretion of unit personnel, funds may be deposited to the
3769 cash box utilizing the Unit Money Record Sheet, but not in excess of the patient's weekly
3770 requirements. Funds in excess of the patient's weekly allowance shall be deposited with the
3771 Cashier's Office. A pre-numbered receipt shall be issued reflecting the total amount received,
3772 the amount deposited to the cash box and the net amount for deposit to the patient's personal
3773 account if applicable.
3774
3775 EXAMPLE: Family visits patient on weekend and leaves \$25.00 for the patient. Patient has
3776 \$5.00 at the time but will need an additional \$5.00 before next weekly withdrawal. Pre-
3777 numbered receipt will be issued to the family showing \$25.00 as total amount received. The
3778 Cash Box Custodian will complete the transaction on the next working shift by indicating on
3779 the receipt \$5.00 deposited to the cash box with the remaining \$20.00 listed as a net deposit
3780 to the credit of the patient's personal account. In order to complete the transaction and for
3781 the protection of the employee and the institution, a Unit Money Record Sheet (Exhibit B)
3782 shall be completed to indicate receipt of these funds by the patient signing his name or two
3783 staff (one being the Nurse in Charge).
3784
3785 4. All receipts shall be issued and maintained in numerical sequence.
3786
3787 5. Should it be necessary to void a receipt, it shall be so marked retaining all copies in the
3788 book and in the same numerical order.
3789
3790
3791



- 3792 B. Funds may be received through the mail for deposit to a patient's personal account. These receipts
3793 should be handled in the same manner as outlined in Section IV. A, with the following additional
3794 instructions:
3795
3796 1. Original copy of receipt to be discarded.
3797
3798 2. Under explanation write: "Received by mail".
3799
3800 C. Administrative Assistants or their designee, being someone independent of the cash receipts
3801 process, shall on a periodic basis perpetually reconcile/trace the pre-numbered receipts to the
3802 Cashier's Office records and to the Unit Money Record Sheet maintained in the "Cash Box". This
3803 will assure that all receipts have been appropriately recorded in the patients' accounting records.
3804

3805 Cash Box Custodians

- 3806
3807 A. In situations where it is necessary for funds to be held on the unit and issued on a daily basis to
3808 the patient, a designated employee and alternate shall be assigned responsibility for these funds.
3809
3810 B. There shall be two (2) keys to the ward cash box: one key for the custodian and the other key in
3811 possession of the Unit Nurse Manager or Administrative Assistant for emergency access.
3812 Written notification shall be given to the Patient's Accounts Representative as to who has the
3813 second key.
3814
3815 C. No other funds may be held in the Cash Box with patients' personal funds. (I.e. postage or staff
3816 personal funds)
3817
3818 D. When there is a change from custodian to alternate, there will be a count of funds, reconciling the
3819 money with the Unit Money Record Sheets.
3820
3821 1. A signature record sheet shall be used to indicate transfer of funds between custodians.
3822
3823 2. An appropriate entry shall be made on the signature record sheet to show the actual cash
3824 count and the fact that it agrees with the sum total of all balances on the Unit Money Record
3825 Sheets.
3826
3827 3. This procedure will also be followed if custody is transferred between work shifts.
3828
3829 E. The Unit Nurse Manager or Administrative Assistant may appoint a temporary custodian in the
3830 event of an unplanned absence of both the regular custodian and alternate.
3831
3832 1. When a temporary custodian is appointed, the Unit Nurse Manager or Administrative
3833 Assistant shall open the Unit Cash Box and have the funds counted and checked with the
3834 Unit Money Record Sheets as described above for changes between custodians.
3835
3836 2. An appropriate entry shall be made in the signature record book to show the actual cash
3837 count and the fact that it agrees with the sum total of all balances on the Unit Money Record
3838 Sheets. This entry shall be signed by both the temporary custodian and Unit Nurse Manager
3839 or Administrative Assistant.
3840
3841 3. After verification is completed, the Unit Nurse Manager or Administrative Assistant shall turn
3842 his/her key over to the temporary custodian until funds are transferred back to the normal
3843 custodian.
3844
3845
3846



- 3847 F. Any difference between the actual cash count from the cash box and the sum total of all balances on
3848 the Unit Money Record Sheets should be documented and brought to the attention of the
3849 Administrative Assistant. If these funds cannot be reconciled, this discrepancy should be called
3850 to the attention of the Patient Accounts Representative for audit.
3851
- 3852 G. The general policy is that unit staff shall issue money to patients only during Monday-Friday from
3853 0800 hrs to 1700 hrs. Units may vary this based upon their specific requirements. It is also
3854 recommended that a specific time be designated for issuing funds to patients when possible to
3855 conserve time and effort.
3856
- 3857 VI. Unit Cash Box and Unit Money Record Sheet
3858
- 3859 A. The Unit Money Record Sheet (Exhibit B) is to be used in all situations where funds are received
3860 or disbursed from the Unit Cash Box.
3861
- 3862 B. These funds must be placed in the locked Unit Cash Box which is stored in a locked space.
3863
- 3864 C. The sum total of all balances on the patient's Unit Money Record Sheets is to agree with the total
3865 cash in the Unit Cash Box at all times.
3866
- 3867 D. Receipt of Funds:
3868
- 3869 1. Record date received.
3870
 - 3871 2. Record receipt number from patient's withdrawal form or number from unit receipt based on
3872 source of funds.
3873
 - 3874 3. Record amount received.
3875
 - 3876 4. Update balance of funds.
3877
 - 3878 5. No signature is required for recording receipts to this form since one was obtained previously
3879 in the actual receipting process.
3880
- 3881 E. Withdrawal of Funds:
3882
- 3883 1. Record date withdrawn.
3884
 - 3885 2. Record amount withdrawn.
3886
 - 3887 3. Update balance of funds.
3888
 - 3889 4. Patients who are capable of signing their names are to indicate receipt of funds by signing on
3890 the same line adjacent to the amount withdrawn in the space provided. If the patient is
3891 unable to sign his name, then two employees (one being the RN in Charge) shall sign to
3892 indicate that the patient actually received the funds. Printed staff names are not acceptable.
3893
 - 3894 5. Purchases made for patients by staff members must be itemized (i.e., coke \$0.60; candy
3895 \$0.45; nabs \$0.45, etc.)
3896
3897
3898



- 3899 F. The Unit Money Record Sheets are permanent records and shall be retained by the unit for 7
3900 years.
3901
3902 G. When patients are transferred from one unit to another, the transferring staff will co-sign the Unit
3903 Money Record Sheet with the receiving staff at the time of the transfer of funds. The existing Unit
3904 Money Record Sheet will be retained by the transferring unit and a new Unit Money Record Sheet
3905 will be established on the receiving unit.
3906
3907 H. The Unit Money Record Sheets are available from Office Supply in the Main Warehouse.
3908
3909 I. Each unit shall, at the end of each month, report in writing to Patients' Accounts no later than the
3910 third day of the following month the following:
3911
3912 1. The total balance of Unit Money Record Sheets;
3913 2. The cash balance held in the Unit Cash Box; and
3914 3. The difference between 1 and 2 above if any.
3915

3916 This report shall be signed by the Cash Box Custodian and co-signed by the Unit Nurse Manager
3917 or Administrative Assistant. Patients' Accounts shall investigate any differences and report to the
3918 Hospital Business Manager the results of the investigation.
3919

- 3920 J. **If an overage occurs in the reconciliation of patients' personal funds, these funds should**
3921 **be escheated if the owner is not identified within five years from the date the overage is**
3922 **identified. Any cash shortages should be replaced by a budgeted transfer from the**
3923 **General Fund.**
3924

3925 VII. Weekly Withdrawals
3926

- 3927 A. The weekly allowance shall be used to enable the patient to have spending money for snacks,
3928 cigarettes, drinks, etc. Normally, the weekly allowance shall be used only for purchases that can
3929 be made on the hospital grounds.
3930
3931 B. A designated unit employee will be responsible for initiating a pre-numbered request form for
3932 withdrawal of funds from a patient's personal account (Exhibit C). All amounts entered on this
3933 request form shall be written in dollars and cents (i.e. \$10.00, rather than \$10). This request shall
3934 be co-signed by the Unit Nurse Manager in order to assure that withdrawals are in accordance
3935 with treatment team recommendations.
3936
3937 C. The maximum amount that a patient may have on the unit shall be established by each Program.
3938 Withdrawals may not exceed this established amount in any particular one-week without special
3939 authorization as provided in Section VIII. Division Nurse Managers or Administrative Assistants
3940 are responsible for informing Patients' Accounts of the maximum amount established for the
3941 Program. If it is determined by the program that the amount of the weekly allowance is
3942 insufficient for that particular program, the weekly allowance amount may be changed. Patients'
3943 Accounts must be notified of this change.
3944
3945 D. A weekly listing of all patients' personal fund balances from the Patient Personal Funds
3946 Accounting System is sent to all units to assist unit staff in determining the available funds for
3947 each patient. This listing should be utilized by unit staff to determine balance information.
3948 Designated unit staff must assure all withdrawals are listed weekly.
3949
3950
3951



- 3952 F. Distribution of the pre-numbered withdrawal requests will be as follows:
3953
3954 1. Original, first and second copies of withdrawal requests are submitted to the Patients'
3955 Accounts to determine that sufficient funds are on deposit in patients' personal accounts to
3956 cover the withdrawal request. Should there not be sufficient funds, a single line shall be
3957 marked through the requested amount, and the amount available for withdrawal is to be put
3958 on the same line above the amount marked through, and the person making the change shall
3959 put their initials in the column "changed by" opposite the changed amount.
3960
3961 2. Third carbon copy of withdrawal request is maintained on the unit. This copy should be used
3962 for reference purposes if there are questions on the unit about withdrawal amounts and/or
3963 dates, thereby reducing the need to contact Patients' Accounts with such questions.
3964
3965 G. The original and first carbon copies of the withdrawal request are submitted to the Cashier's
3966 Office after having been verified and signed by Patients' Accounts. The second carbon copy of
3967 the withdrawal request is maintained by Patients' Accounts for balancing purposes.
3968
3969 H. At the end of the day the Patients' Accounts and the Cashier's Office reconcile the sum total of all
3970 patients' withdrawals and the Budget Office prepares a check in this amount and exchanges it
3971 with the Cashier's Office to reimburse the imprest cash account for funds used filling patients'
3972 cash withdrawals.
3973
3974 I. Cashier's Office prepares and signs cash withdrawal for respective units, which are picked up by,
3975 designated unit employees at a specified time or delivered by courier. (See APM II P-6-1 for
3976 delivery of funds by Mail Courier).
3977
3978 1. Unit employee signs both original and first carbon copy of withdrawal request at the time cash
3979 is received from the cashier or Courier.
3980
3981 2. Original copy of withdrawal form is taken to unit and matched with the third copy to serve as
3982 basis for distribution of the cash. All entries and signatures made on the original copy shall
3983 also be made on third copy, which will be retained, as a unit record. First carbon copy of the
3984 withdrawal request is retained by Cashier.
3985
3986 J. Designated unit employee distributes cash in the presence of the RN in Charge to appropriate
3987 patients in accordance with amounts reflected on the original copy of the withdrawal request.
3988
3989 K. Patients who are capable of signing their names are to indicate receipt of funds by signing the
3990 original copy of the withdrawal request. In the case of patients who are unable to sign their
3991 names, two unit employees, one being the RN in Charge, should sign the withdrawal request
3992 indicating that the appropriate patient actually received the funds. Printed signatures are
3993 unacceptable.
3994
3995 L. When patients' funds are to be held in the Unit Cash Box for later distribution to the patient, the
3996 designated employee shall enter on original copy of the withdrawal request in the column titled
3997 "Received by", the words, "To Cash Box" and sign his name. The RN in Charge shall co-sign. A
3998 Unit Money Record Sheet shall then be updated reflecting the funds held in the Unit Cash Box for
3999 the patient.
4000
4001
4002



4003 M. After all funds have been distributed to appropriate patients, or placed in cash box as described
4004 in paragraph L above, the original copy of withdrawal form shall be returned to Patients' Accounts
4005 for attachment to the second carbon copy of the withdrawal request. If original copy is not
4006 returned to Patients' Accounts prior to or along with the next week's withdrawal request, the
4007 withdrawal request will not be honored. Any undistributed cash shall be deposited in the
4008 Cashier's Office.

4009
4010 N. Any change in the amount requested on the Patients' Money Withdrawal Form whether by unit
4011 personnel, Patients' Accounts, etc. shall be initialed by the person making the change in the
4012 column marked "Changed By".
4013

4014 VIII. Withdrawals - Special
4015

4016 A. The same withdrawal form will be used for special withdrawals. Each patient request shall be on
4017 a separate request form and checked in the appropriate place to indicate a "Special Withdrawal".
4018 An explanation should be written below the patient's name giving sufficient explanation as to how
4019 the funds are to be used.
4020

4021 NOTE: The explanation shall be specific as to why and how the funds requested are to be spent.
4022 General explanations such as "personal use", "outing", or for things normally covered by
4023 the weekly request are not adequate explanations.
4024

4025 If patients are able to manage their own funds, a statement to this effect must be written on the
4026 request and signed by the Treatment Team Leader or the Unit Nurse Manager. In addition, the
4027 "Patient Waiver of Responsibility Form" should be signed by the patient and a copy retained in
4028 the patients' record and a copy forwarded to the Patients' Accounts Representative. This waiver
4029 states that patients are aware of their responsibility for their own funds of an amount up to
4030 \$250.00 without saving receipts or sending them to Patients' Accounts. When patients request
4031 an amount of \$250.00 or more, they will be given a receipt envelope by the Cashier's Office. The
4032 patient shall be responsible for saving the receipts at the time of purchase and submitting them in
4033 the envelope to staff. Staff will then fill out the envelope reviewing the receipts and purchases.
4034 The patient will sign the envelope on the line requesting "Shopper's Signature." The staff
4035 reviewing the receipts and purchases will sign on the line "Signature of Staff Verifying
4036 Purchases". The receipt envelope will then be sent to the Patients' Accounts Office. If a patient
4037 fails to return these receipts, the privilege and freedom of spending amounts in excess or \$250.00
4038 may be restricted by the Treatment Team. The following conditions must be met in order for a
4039 patient to be exempt from maintaining receipts for funds under \$250.00:
4040

- 4041 - The Treatment Team allows the patient to leave campus on their own or with family.
- 4042 - The Treatment Team allows the patient to manage their own funds.
- 4043 - No staff member is involved in the spending process.
- 4044 - The patient has signed the "Patient Waiver of Responsibility Form" and the form has been
4045 submitted to the Patients' Accounts Office prior to any withdrawals based on these conditions.
- 4046 - The patient has signed the white copy of the withdrawal form in the appropriate place to
4047 indicate receipt of the funds.
4048

4049 In all cases when the hospital is the representative payee for a patient's funds, the patient is
4050 considered incapable of managing his/her own funds. If the patient is considered incapable of
4051 managing his/her own funds, then funds shall not be distributed to the patient or patient's family,
4052 but shall remain in the custody of the shopping employee at all times. Even if the patient is
4053 making purchase selections, the actual exchange of cash for goods will be performed by the
4054 employee.
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- B. 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.
 - C. 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.
 - D. **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.
 - E. 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.
 - F. 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.
 - G. 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.
 - H. 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.



- 4109 IX. Discharges/External Transfers/Financial Records Clearance
4110
4111 A. The following policies are to be part of the overall discharge procedure for patients being released
4112 and apply to external transfers, trial visits and temporary visits (where applicable), as well as
4113 direct discharges.
4114
4115 B. If possible, all personal funds and belongings shall be given to the patient and/or sent with him
4116 when he is released or transferred (see paragraphs C & D below for variations to this policy
4117 regarding temporary visits and after hours, weekends, and holiday discharges). This policy is to
4118 be accomplished by unit personnel in the following manner.
4119
4120 1. Check the Unit Locked Storage for any personal belongings being held for the patient.
4121
4122 2. Check with Patients' Accounts to determine if patient has any remaining balance in his
4123 personal account and if any belongings are being held in the Cashier's Office. Advance
4124 notification of discharge to Patients' Accounts will facilitate the disbursement of personal
4125 funds at the actual time of discharge.
4126
4127 3. If a patient has funds or personal belongings, the Form for the Release of Patients' Personal
4128 Funds and/or Belongings (see Exhibit D) should be completed to notify Patients' Accounts
4129 and the Cashier's Office that the patient is being released. Patients' Accounts will not
4130 authorize disbursement of funds for a discharged patient before receiving a copy of this form.
4131 Spoken communication from the unit staff to Patients' Accounts regarding the discharge is
4132 not acceptable. This control is necessary to ensure that funds are not disbursed in error. A
4133 minimum of a one-day prior notice is required for the patient's funds to be available at the
4134 Cashier's Office at the time of discharge.
4135
4136 4. The regular withdrawal form should be submitted with "Special Withdrawal" checked if the
4137 patient desires to withdraw all or a portion of his personal funds in cash. Under normal
4138 circumstances, only \$100 maximum in cash may be issued with balance in check.
4139 Exceptions may be allowed based on advance notification and approval, and dependent
4140 upon the cash availability in the Cashier's Office.
4141
4142 C. The overall policy under paragraph B above is handled somewhat differently for temporary visits
4143 in that only the funds and personal belongings on the unit are given to the patient at the time of
4144 the visit; i.e., his other personal funds and belongings remain in safekeeping in the Cashier's
4145 Office and Unit Locked Storage. In the event the patient is discharged from a temporary visit, the
4146 balance of the patient's personal funds and belongings will automatically be forwarded to the
4147 patient upon receipt of the Form for the Release of Patients' Personal Funds and/or Belongings.
4148
4149 D. If discharge occurs after hours, weekends or holidays when the Business Offices are closed,
4150 there are special arrangements which can be made to enable the patient to receive his/her funds
4151 and personal belongings from the Information Desk at time of discharge. These arrangements
4152 will relieve the unit of the responsibility of keeping relatively large sums of money and personal
4153 belongings on the unit until the after hours, weekend or holiday discharge.
4154
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4157 To request these special arrangements, check the appropriate block on the Discharge form for
4158 the Release of Patient's Personal Funds and/or Belongings and forward to Patients' Accounts.
4159 The Cashier's Office will deliver the funds and personal items to the Information Desk prior to the
4160 end of the day for pick up when the patient is released "after hours". In the event that prior
4161 arrangements cannot be made for after hours, weekend or holiday discharges, then Patients'
4162 Accounts should be notified the following workday in order that the patient may be sent his/her
4163 personal belongings and the remaining balance in their personal account. However, funds will
4164 not be disbursed by Patients' Accounts prior to receipt of the Form for the Release of Patients'
4165 Personal Funds and/or Belongings.
4166

4167 E. For discharge or for transfer of a patient to another hospital, center or institution, Patients'
4168 Accounts should be notified three (3) days in advance in order that the patients' financial records
4169 may be updated as of the date of the transfer or discharge. This procedure is not applicable to
4170 visiting patients to the Medical Surgical Unit.
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Michael S. Pedneau, Hospital Director

Date

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Attachments

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SOR: Management Support Services

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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 thorough a disbursing account established with the state Treasurer to the NC Dept of Health & Human Services (agency/university) in accordance with the following terms and conditions:

1. The term of this delegated authority shall be from March 5, 2005 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 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 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 State Budget Manual;
 - d. Pre-audit all vouchers presented for payment to determine:
 - legality of disbursement
 - validity & 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 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 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.
10. The agency must have a current Cash Management Plan approved by the Office of the State Controller.

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} Carmen Hooker Odom 3/21/05
(Agency Head/Chancellor) Date

{Signed} Laketha M. Miller 3/21/05
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} Robert L. Powell 3/21/05
State Controller Date



Procedures for Disbursement of Special Appropriations - Attachment 15

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A number of substantive amendments were made to G.S. 143-6.2 in the 2005 session of the General Assembly which impacts the disbursement of state funds to non-state entities and to monitoring and reporting requirements. In addition new rules are effective July 1, 2005, outlined in N.C. Administrative Code 03M, regarding the use of state funds by non-state entities (which includes recipients of Special Appropriations).

Definition of Special Appropriations

Pursuant to 09 NCAC 03M.102, "Special Appropriation" means a legislative act authorizing the expenditure of a designed amount of public funds for a specific purpose. Identification of funding to be treated as a Special Appropriation is directly linked to the language of the appropriations bills ratified by the 2005 General Assembly. When the General Assembly identifies by name the local government or non-profit organization within an appropriations bill, the Department will disburse these funds as Special Appropriations. (Conversely, funds appropriated to a division within DHHS for a specific purpose without naming the recipient will be presumed to be awarded based on that division's management decision and not considered a Special Appropriation.)

Notifying/Obtaining Required Information

Notification of the agency to receive the Special Appropriation should be made by letter and indicate the requirements in the letter that the agency must meet in order to receive the funds.

Requirements of Agency Receiving Special Appropriation

All *non-governmental* entities who receive Special Appropriations, regardless of amount, are required to submit the following items:

- 1) Supplemental grantee information.
- 2) Documentation of the organization's tax exempt status or 501(c) (3), if applicable.
- 3) The organization's articles of incorporation and by-laws, trust indenture, partnership agreement, etc.
- 4) List of Board of Directors/Trustees and Officers.
- 5) Attachment B – Scope of Work.
- 6) Attachment C – Line Item Budget.
- 7) Attachment E – Statement of Overdue Tax Debt.
- 8) Attachment F – Organization's policy addressing conflict of interest.
- 9) A completed Vendor Electronic Payment form.

All *governmental* entities who receive Special Appropriations, regardless of the amount, are required to submit items listed above, excluding items 2, 3, and 4.

The required information will be incorporated, as appropriate, into a contract agreement to be executed between DHHS division management and the Special Appropriations recipient. **Disbursements cannot be made until all of the required information is received and the contract has been executed.** Simplified contract templates for Special Appropriation recipients only are under development and will be distributed to divisions in the coming days.

Disbursing/Financial Requirements

If the Special Appropriation does not exceed \$100,000, payment to the recipient is made in a lump sum. Once the information included in the "Requirements of Agency" section is met, disbursement is to be made. A letter of disbursement, from the DHHS Controller's Office, will accompany the payment, explaining all reporting and spending requirements. Special Appropriations greater than \$100,000 shall be disbursed in quarterly payments. The payment schedule for these recipients will be stated in the first disbursement letter, and the letter will also include all reporting and spending requirement. Financial reporting and auditing requirements are contingent upon the



4288 aggregate amount of state funds received by the Special Appropriations recipient. A copy of these
4289 requirements is also provided for your reference and should be included in your notification transmittal to
4290 recipients.

4291

4292 **Program Reporting and Monitoring**

4293 The requirements for program reporting and monitoring for the division/Department as well as for various
4294 state management agencies are spelled out in 09 NCAC 03M. 0704. Please read this section of the
4295 administrative code carefully. Agencies are charged with ensuring oversight and monitoring of grantees
4296 and sub grantees to prevent misuse of State funds and to assure compliance with applicable
4297 requirements and performance expectations.

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4300 **DHHS Cash Management Plan Responsibilities Matrix Supplement - Sample Forms and**
4301 **Instructions - Attachment 16**
4302

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

The Matrix Forms:

There are five Matrix Sections. A separate Excel spreadsheet is included in this workbook that lists the cash management tasks for each Matrix Section. The five 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/institution employees. In cases where division institution staff performs any cash management tasks listed in the Matrix Sections the division/institution 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/institution 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 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.

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 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 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 & 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.

B. 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.

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Division/Institution:	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 & 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.				

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Division/Institution:	Location/Unit A		Location/Unit B	
	Primary	Backup	Primary	Backup
Section:	Position No		Position No	
Branch:	Position No	Position No	Position No	Position No
Accounts Receivable/Billing Matrix				
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 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/institution				
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				

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Division/Institution:	Location/Unit A		Location/Unit B	
	Primary	Backup	Primary	Backup
Section:				
Branch:				
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 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 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, un mailed 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 costs charged to Federal programs are allowable.				
Balances NCAS cash disbursements with subsystems monthly.				
Responsible for month end closing, balancing and certification.				

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Division/Institution:	Location/Unit A		Location/Unit B	
	Primary	Backup	Primary	Backup
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 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.				

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4322 **Wake County District Attorney's Worthless Check Deferred Prosecution Program -**
4323 **Attachment 17**

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In an effort to collect worthless checks in a more timely and convenient manner for the merchant and to alleviate the need to prosecute each Worthless Check case, the Wake County District Attorney's Office provides a program that helps both the merchants and the check writer.

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Once a check has been returned to the merchant due to "insufficient funds" or "account closed", the merchant must complete several simple steps before turning the matter over to the District Attorney's Office.

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1. Mail a certified letter to the check passer demanding payment in full plus the \$25 returned check fee within 15 days.
2. At the end of fifteen days, bring a copy of the letter, the dated receipt for certified mail and a copy of the check. Also bring the original check for authentication purposes.
3. The merchant may then fill out the Application for Worthless Check Process.

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Once the Application is completed, the Worthless Check Unit will send a letter to the check passer requiring payment in full within thirty (30) days. If the check is paid at the courthouse, the merchant will receive payment within 3 business days. If they do not pay, a postcard will be sent to the merchant informing them that a warrant has been issued. The program will present the necessary information to the Magistrate for the warrant so that the merchant does not have to take any further steps.

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4342 **APPLICATION**

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The [application is available for download in PDF format](#). Once printed and filled-out, you return it to the locations listed below under Schedule.

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It is also available by using the contact information at the bottom of this page.

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ELIGIBILITY

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The following checks are **NOT** eligible for the Deferred Prosecution Program:

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- Loans or Extensions of Credit
- Held Checks
- Two Party Checks
- Pre- or Post-dated Checks
- Lost or Stolen Checks
- Stop Payments
- Checks over two years old

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4358 **SCHEDULE**

4359 A Coordinator for the Worthless Check Unit will travel to the county four mornings a week to collect
4360 applications. Applications will also be accepted from 1:00 to 3:00 pm every afternoon in Room 902 of the
4361 Wake County Courthouse.

Day	Time	Place
Monday - Friday Thursdays	1:00 -3:00 pm 1:30 -3:00 pm	Raleigh: Wake County Courthouse, Room 902
Every Monday	9:00am -12:00 pm	Cary PD: 120 Wilkinson Ave.
1 st & 3 rd Tuesdays	9:00am -12:00 pm	Wake Forest PD: 401 E. Owen Street
2 nd & 4 th Tuesdays	9:00am -12:00 pm	Zebulon PD: 111 E. Vance Street
1 st & 3 rd Wednesdays	9:00am -12:00 pm	Fuquay-Varina PD: 114 N. Main St.
2 nd & 4 th Wednesdays	9:00am -12:00 pm	Garner PD: 120 E. Main Street
1 st & 3 rd Thursdays	9:00am -12:00 pm	Wendell PD: 15 E. Fourth Street
2 nd & 4 th Thursdays	9:00am -12:00 pm	Apex PD: 205 Saunders Street

4362 **QUESTIONS**
4363

4364 If you should have any questions or comments, please call either Donna Moye or Tami Daull at (919-792-
4365 5077) or email: Donna.L.Moye@nccourts.org. They are the coordinators for the Wake County District
4366 Attorney’s Worthless Check Deferred Prosecution Unit and will be happy to assist you with your
4367 application.

4368 The street address is:
4369 **Wake County Courthouse**
4370 **Ninth Floor, Rooms 902 and 906**

4371 The mailing address is:
4372 **Wake County District Attorney’s Office**
4373 **Attn: Donna Moye**
4374 **P.O. Box 31**
4375 **Raleigh, NC 27602-0031**



4376 **DMH Memorandum of Agreement - Attachment 18**

4377 **North Carolina Department of Health and Human Services**
 4378 **Division of Mental Health, Developmental Disabilities and Substance Abuse Services**
 4379 **(Hospital Name)**
 4380 **(Hospital Address)**
 4381 **(Hospital Telephone and Fax Number)**

4383 **MEMORANDUM OF AGREEMENT**
 4384 **And**
 4385 **Notice of Daily Charge Rate**

4387 **Client Name:** _____ **Date of Admission:** _____
 4388 **Medical Record #:** _____

4389 **“All persons admitted to...institutions operated by the Department of Health and Human Services are required to**
 4390 **pay the actual cost of their care, treatment, training and maintenance.” (N.C.G.S. § 143-117) The North Carolina**
 4391 **Department of Health and Human Services (“NC DHHS”) Secretary has full and final authority to fix a general**
 4392 **rate of charge based on the actual cost of providing care and treatment which is subject to change annually. The**
 4393 **current daily charge rate effective _____ for inpatient care is as follows:**

4394 **PSYCH UNIT _____ \$ _____ per day**

4396
 4397 **The NC DHHS Secretary is empowered to enter into contracts of compromise of accounts owed to a State Operated**
 4398 **Healthcare Facility for past, present or future care. The rates set by the compromise shall be determined in the**
 4399 **discretion of the Secretary by the financial ability to pay of the person admitted or person legally responsible for the**
 4400 **support of the admitted person. (N.C.G.S. § 143-118)**

4401
 4402 **I understand that the daily/monthly charge of which I have been notified is an adjusted rate based upon my ability**
 4403 **to pay, and I agree to pay \$ _____ per day/month for services rendered by the NC DHHS State Operated**
 4404 **Healthcare Facility. This charge is in addition to any funds received by _____ as payee**
 4405 **for _____ from Insurance.**

4406
 4407 **I further agree to promptly notify the institution of any change in my financial status. Upon receipt and verification**
 4408 **of any change in financial condition of client and/or legally responsible person or other responsible party, NC**
 4409 **DHHS is empowered to increase or decrease the rate to be charged based upon the provisional rate schedule. Upon**
 4410 **such determination, a new agreement with increased or decreased rates may be made.**

4411
 4412 **Unless you are the patient’s guardian, and sign only in your capacity as guardian, when you sign as the legally**
 4413 **responsible person or other responsible party, your signature constitutes an agreement to pay this amount and be**
 4414 **bound by this contractual agreement. If you default in the payment of a compromise account or of any installment,**
 4415 **then the full actual cost of care shall be assessed and payable. This agreement is executed in accordance with**
 4416 **N.C.G.S. § 143-118.**

4417
 4418 **The signature below acknowledges that the client, legally responsible person, or other responsible party has read or**
 4419 **has been made fully aware of the payment obligations of this agreement.**

4420
 4421 **Signed** _____ **Date** _____
 4422 **Client/Legally Responsible Person/Other**
 4423 **Relation to Client** _____

4424 **Facility:** Central Regional Hospital

4425
 4426 **Signed:** _____ **Date** _____
 4427 **Patient Relations Representative**



4428 **Approved Requests for Exception of Cash Management Plan Policy Forms**

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4430 Approved Requests for Exception of Cash Management Plan Policy forms are kept on file in the Accounts
4431 Receivable Section of the DHHS Controller's Office.
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4437 **DHHS Cash Management Plan Approval Signatures**

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4442 {Signed} Carmen Hooker Odom _____ 3/31/06 _____
4443

4444 (DHHS Secretary) (Date)

4445
4446 {Signed} Laketha M. Miller _____ 3/31/06 _____
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4448 (DHHS Controller) (Date)

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4450 {Signed} Robert L. Powell _____ 6/21/06 _____
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4452 (State Controller) (Date)

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