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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."

209 Plan Administration210
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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 Controllor's Office.

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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. 147-86.11-1 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".

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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 Controllor, the authority to make disbursements through disbursing accounts established with the State Treasurer for the North Carolina Department of Health and Human Services.

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The DHHS Controllor (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 Controllor'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 Controllor's Office for review by the Office of the State Controller and Office of the State Auditor.



246 The DHHS Controller's Office Section Chiefs will be responsible for obtaining approval from the DHHS
247 Controller for any exceptions to the policies stated in the DHHS Cash Management Plan that are within
248 their functional areas of responsibility. Division and institution directors will request approval of
249 exceptions from the DHHS Controller for any non-conforming policy or activity under their supervision.
250 Requests for exceptions are to be submitted in writing to the DHHS Controller for review and approval
251 utilizing Attachment # 1, DHHS CMP Request for Exception of Cash Management Plan Policy/Approval
252 form. Exceptions are effective upon approval by the DHHS Controller, and will be filed with the official
253 copy of the DHHS Cash Management Plan maintained in the DHHS Controller's Office. DHHS
254 Controller's Office Section Chiefs and division/institution directors will prepare revisions to division and
255 institution Matrix forms for the cash management functions they supervise within 30 days of a cash
256 receipting or disbursement process change or when the position responsible for a cash management
257 function listed in the Matrix is changed. The text of the DHHS Cash Management Plan will be updated for
258 approved changes annually. If a cash receipting or disbursement process change is not in accordance
259 with this plan, implementation shall not occur until such time as the DHHS Controller has approved. Any
260 existing procedures that do not comply with the minimum standards herein shall be modified in
261 accordance with these standards as soon as possible or an exception must be requested.
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263 All DHHS cash management activities are subject to State and Federal Privacy and Security laws
264 regarding client health information. DHHS protects the confidentiality of client health information in the
265 performance of its' operational missions as outlined in the DHHS Privacy and Security Manual
266 (referenced at the following URL: <http://info.dhhs.state.nc.us/olm/manuals/dhs/pol-80/man/index.htm>).
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268 Cash Management can be divided into two areas:
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- 270 • Management of receipts, including accounts receivable policy toward prompt billing of
271 amounts due to the State and acceleration of deposits, and
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- 273 • Management of disbursements, including timely payments of amounts due from the State to
274 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 is responsible for selecting the local finance 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 finance 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 the Raleigh branch of the fiscal 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.
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- (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 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.
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- (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 regular checking account in a commercial bank or credit union in an account titled "*Name of ADATC Trust Fund # XXXX*".



525 **2. Acceptance of Funds as Trustee Policy**
526 Except where authorized to receive personal funds or benefit checks as
527 representative payee, no employee of the Department shall accept any funds in a
528 trust or agency capacity for any individual without prior approval of the specific
529 terms of the trust or agency agreement by the DHHS Controller and DHHS
530 Division of Budget, Planning and Analysis.

531
532 **Exception DMA 1 - The Division of Medical Assistance Is Authorized To**
533 **Accept Bond Proceeds In A Trustee Capacity For A Failed Nursing Facility.**
534 An exception to Section I-A.1.b above is approved for the Division of Medical
535 Assistance (DMA). DMA will act as trustee for the receipt of a failed nursing
536 home's surety bond for patients under the provisions of an Attorney General's
537 advisory memorandum dated March 31, 1995 and an agreement reached
538 between the Division of Medical Assistance and the Division of Facility Services.
539 (See Attachment #'s 2 and 3.) The agreement provides that the Division of
540 Medical Assistance is the responsible State agency for the receipt and
541 distribution of patient funds arising from a surety bond issuance upon the failure
542 of a nursing facility. Any such funds will be deposited in trust with the State
543 Treasurer and any interest earned will be distributed to the appropriate patients
544 in proportion to their participation in the total recovery.

545
546 **3. Authorization of Bank and Investment Accounts Policy**
547 Except as authorized under the DHHS patient and student personal funds policy
548 by an institution or school director, no employee of the Department shall open
549 any bank or investment account on behalf of other employees or residents of
550 State institutions without prior approval of DHHS Controller. Employee funds
551 must not be deposited in the name of the State, the Department, DHHS divisions
552 or institutions.

553
554 **4. Funds to Be Deposited In the Form Received - Statutory Requirement**
555 Monies received shall be deposited daily in the form and amounts received,
556 except as otherwise provided by law and approved by the State Treasurer
557 through the DHHS Controller.

558
559 **5. Control Over Cash Receipts Policy**
560
561 **a) Control Over Receipts Received by Mail**
562 DHHS divisions and institutions shall direct mail receipts to the
563 designated cash receiving site approved in the division or institution
564 Matrix supplement to this plan. A cash receiving site is any office that
565 has the approval of the DHHS Controller to receive and open mail
566 containing receipts. All mail receipts shall be logged in and forwarded to
567 a designated cashier in time for the next scheduled daily deposit. No
568 DHHS employee shall in any manner redirect mail receipts to a location
569 or address that is not authorized to receive receipts in the
570 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.



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- 7. Receipt of State or Client Funds By Employees Other than the Designated Cashier, Mail Opener or Ward/Unit Staff Persons**
- No DHHS employee will solicit collection of State or client funds for deposit without authorization from his or her supervisor; however, any employee receiving misdirected mail receipts shall deliver these funds to a designated cashier immediately. Supervisors will not grant authorization to collect or receive funds without a written delegation of authority from the DHHS Controller through a division or institution director. Employees authorized to receive State or client funds other than a designated cashier or mail opener will issue pre-numbered receipts for all funds received outside of the designated cashier's office or mail cash receiving office. Receipts will be prepared in triplicate with one copy for the individual payor, one copy for the cashier, and one copy for the employee collecting funds that is to remain in the cash receipt book for audit. The facility business managers will issue pre-numbered receipt books to sites outside the Controller's Office.
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- 8. Processing Policy for Mail Containing Cash Receipts**
- a)** Restrictive endorsement stamps will be issued to all mail openers and cashiers.
- b)** Mail openers or the cashier which ever receives checks first will stamp each check or warrant with the restrictive endorsement, "For Deposit Only," North Carolina State Treasurer, by (Name of depositing Agency: DHHS and Division or Institution Name), bank account or agency ID number. For patient's personal funds the mail opener or cashier will stamp the check with a restrictive endorsement "For Deposit Only – Name of Institution –Account Number".
- c)** After endorsement of checks, mail openers will prepare a list of all cash items received at each designated cash receiving site. The list shall contain the date of receipt, check number, originator, bank, amount and purpose of the payment if known. Designated cash receiving sites will use the DHHS Controller Mail/Cash Receipt Log unless an alternate procedure is authorized by the DHHS Controller. (See Attachment 6 which is available as an Excel spreadsheet.)
- d)** All cash receipts shall be turned in to the designated cashier with a copy of the DHHS Mail/Cash Receipts log or cash receipt copies in time for the 2:00 P.M. daily deposit of funds by the cashier. Funds received by 12:00 noon must be included in the 2:00 P.M. deposit to comply with the Daily Deposit Act. See the State Treasurer's Banking Services Handbook Page 12.
- e)** The Cashier will total the receipts and verify to the log totals, check for proper endorsements, sign the log when in balance with funds received, retain a copy of the log, and return the original signed log to the mail opener. The cashier will then prepare the deposit ticket. Multiple deposit tickets are not to be used to list checks. Cash and Checks are to be prepared for deposit according to the instructions in the State Treasurer's Banking Services Handbook Page 15.



681 f) All deposits with the State Treasurer will be reported daily to the State
 682 Treasurer using the Cash Management Control System (CMCS). A
 683 separate CMCS certification is required for each bank deposit. Multiple
 684 deposits may not be combined on one CMCS certification and a single
 685 deposit may not be reported on more than one CMCS certification.
 686 CMCS certifications are to be made immediately after funds are
 687 deposited. Delays cause undesirable situations.
 688

689 g) The mail opener shall maintain the signed logs on file for audit by day of
 690 receipt for three years from the end of the fiscal year in which the funds
 691 were received.
 692

693 h) DHHS policy is that mail openers and cashiers need not routinely copy
 694 checks as proof of receipt for the deposit file, however, certain types of
 695 checks with benefit remittance attachments may need to be copied to
 696 pass program information such as the beneficiary's name that is required
 697 for posting benefit remittances received from Medicare, Medicaid, private
 698 insurance, SSA, VA, and Medicaid third party collections to client
 699 accounts. The Controller's Office Section Chiefs will consult with the
 700 division and/or institution management to determine if copies of checks
 701 are needed for program purposes.
 702

703 i) Where available, all DHHS cashiers may use the State Mail Courier who
 704 makes the State Treasurer deposit run daily or have a designated
 705 employee take the deposit directly to the Treasurer's Office or
 706 designated depository.
 707

708 j) Checks and cash, which must remain in State offices over night, must be
 709 kept in a safe or other secure locked storage file/box/room.
 710

711 **9. Check Cashing Services Policy**

712 Check cashing services for employees or the public will not be provided by any
 713 division or institution of the Department without prior approval by the DHHS
 714 Controller. **In no event shall checks be cashed from agency receipts since**
 715 **State law requires funds to be deposited in the form received.** Check
 716 cashing for students and clients is permitted only from a cash fund approved for
 717 this purpose. Check cashing for student's or client's guardian is permitted from
 718 check cashing funds when it is for the benefit of or on behalf of the student or
 719 client. In addition, no petty cash expenses shall be paid from agency receipts or
 720 funds not approved for petty disbursements.
 721

722 **10. Sales Receipts Policy**

723 A daily sales report shall be prepared and signed by each employee who sells
 724 meal tickets or school athletic tickets. The sales report will reflect ticket numbers
 725 on hand at the beginning of the day, number tickets sold, unit price and total
 726 sales, cash received and ending ticket numbers on hand. The completed sales
 727 report, cash receipts and tickets on hand shall be turned in to the institution or
 728 school cashier for reconciliation of sales and deposit of sales receipts daily. The



729 cashier shall give a receipt to the employee for the total receipts turned in with
730 the sales report and note the ticket numbers returned to the inventory. Unused
731 ticket inventory and records shall be retained in locked safe or file by the
732 institution cashier for audit. The cashier or business manager shall be custodian
733 of unissued tickets and shall issue only the necessary supply of tickets in
734 accordance with institution policy to employees responsible for sales. The
735 cashier or business manager shall reconcile reported sales with the receipts and
736 any returned tickets to assure that the cash and the number of tickets returned is
737 correct. The cashier or business manager will maintain a log of ticket numbers
738 issued and returned to inventory.

739
740 **11. Drawing, Receiving and Depositing Federal Funds Policy**

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

745
746 **a)** Request for draws should be timed so that the funds are on deposit with
747 the State Treasurer no more than two business days prior to the
748 issuance of the disbursement by state warrant or payment by electronic
749 funds transfer.

750
751 **b)** State appropriated funds shall not be used to cover the Federal share of
752 any grant program expenditures when an advance of the Federal share
753 is available on or prior to the planned date of disbursement. Federal
754 funds must be requested in advance of the associated disbursement, but
755 be timed so that deposit of those funds occurs as close as practical to
756 the issuance of state warrant or payment by electronic funds transfer.

757
758 **c)** When practical Federal cash draws must be based on the actual Federal
759 share of disbursements of the award for which funds are being drawn
760 less Federal cash on hand, less the Federal share of any program
761 income or applicable credits. Reasonable estimates may be used when
762 the actual Federal share must be determined through allocations or from
763 provider, contractor, or sub grantee reports that are not available at the
764 time of disbursement. DHHS will allocate joint and indirect administrative
765 cost monthly and make a settlement draw for amounts due from each
766 Federal award. Funds may not be drawn in excess of awards authorized
767 or to cover cash shortages in another program or elsewhere.

768
769 **d)** The DHHS Controller's Office, Federal Grants Branch monitors the
770 availability of all grant awards prior to each cash draw and reports
771 deficiencies to the requestor of the Federal draw, however, projecting
772 Federal budget requirements, justifying requests for Federal grant
773 awards, revisions and sub-allocations is a division budget management
774 responsibility. The Federal share of direct program expenditures can be
775 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

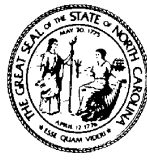
All deposits of State funds directly with the State Treasurer or designated depositories will be handled according to the procedures and guidelines provided in the State Treasurer's Banking Services Handbook unless the State Treasurer approves an exception in writing. All exceptions must be requested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



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

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

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

904 http://www.osc.nc.gov/SECP/SECP_PayPoint.html

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

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



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.



1075 **Time of Billing Policy for Medicaid, Medicare and Third Party Insurance Billing -**
1076 **DHHS Exception 3**

1077 An exception to the standard 30 and 60 day dunning procedures is for Medicare,
1078 Medicaid and other third party insurance billings. The DHHS Controller's Office does not
1079 send dunning notices as these will be treated as duplicative claims and denied. The
1080 DHHS Accounts Receivable Section, Central Billing Office follows customary health
1081 insurance industry billing practices to resolve denied or outstanding insurance claims.
1082 Upon receipt of a denied claim, the Central Billing Office corrects and resubmits such
1083 claims to effect payment from the responsible party. Specific procedures are provided in
1084 the Central Billing Office Procedures Manual and the publications of the various
1085 insurance companies and benefit programs. The Third Party Liability Section of DMA
1086 conducts investigation, discovery, billing and collection activities to recover
1087 reimbursement from third parties when it is determined that the NC Medicaid Program
1088 was not responsible for payment.

1089
1090 **7. Specific Collection Techniques - DHHS Policy**

1091
1092 **a) Use Of Collection Agencies And Credit Bureaus - DHHS Policy**

1093 DHHS billing and receivables information is subject to laws governing
1094 confidentiality of client information. Based on an advisory memorandum from the
1095 Office of the Attorney General, DHHS policy is that past due accounts of current
1096 or former clients of the facilities covered by G.S. 122 or public assistance clients
1097 addressed by G. S. 108-A will not be referred to outside collection agencies or
1098 credit reporting bureaus. In addition, debts due for activity fees charged by the
1099 Office of Education for the NC Schools for the Deaf and the Governor Morehead
1100 School are not submitted to outside collection agencies or credit bureaus. In
1101 accordance with G.S. 122C-53 and 10 NCAC 18D the DMH/DD/SAS facilities will
1102 not release confidential client information as defined in 10 NCAC 18D without
1103 consent unless the specific disclosure is otherwise permitted by law and
1104 approved by the facility director. It is DHHS policy that release of any
1105 confidential client information to any outside collection agencies or credit bureaus
1106 is not permitted.

1107
1108 **b) Collection Of Audit Disallowance For Local Governments - DHHS Policy**

1109 Charges to DHHS programs that have been determined to be unallowable by the
1110 DHHS Secretary are collected in accordance with NC Administrative Code T10:
1111 01B .0418 "Single Audit of Local Governments and Public Authorities" and DHHS
1112 Directive No. 42 "Resolution of Single Audits for Local Government Agencies and
1113 Resolution of Audits for Institutions of Higher Education, Hospitals, and Non-
1114 governmental Organizations Receiving State and/or Federal Financial Assistance
1115 from the Department of Health and Human Services". The DHHS Secretary's
1116 determination letter to the local government shall require full monetary repayment
1117 of all cost determined to be unallowable to the DHHS Controller's Office within
1118 sixty days of the date of the determination letter. The due date for repayment is



1119 suspended only for items appealed timely in accordance with G.S. 150B-23.
1120 Audit findings are processed internally in accordance with DHHS Controller's
1121 Office Procedure PB 901. If a deferred repayment plan is approved under NCAC
1122 T10: 01B .0418 the penalty and interest required by G.S. 147-86.23 will be
1123 assessed and added to total amount due. Deferred repayment plans for the
1124 Federal share of disallowances are not allowed unless the Federal government
1125 approves a repayment plan.

1126
1127 **c) Collection Of Audit Disallowances From Other Grantees - DHHS Policy**

1128 Charges to DHHS programs that have been determined to be unallowable by the
1129 DHHS Secretary are collected in accordance with NC Administrative Code T10:
1130 01B .0419 "Audits of Hospitals, Nonprofits, and Higher Education Agencies" and
1131 DHHS Directive No. 42 "Resolution of Single Audits for Local Government
1132 Agencies and Resolution of Audits for Institutions of Higher Education, Hospitals,
1133 and Non-governmental Organizations Receiving State and/or Federal Financial
1134 Assistance from the Department of Health and Human Services". The DHHS
1135 Secretary's determination letter to the recipient organization shall require full
1136 monetary repayment of all cost determined to be unallowable to the DHHS
1137 Controller's Office within sixty days of the date of the determination letter. The
1138 due date for repayment is suspended only for items appealed timely in
1139 accordance with G.S. 150B-23. Audit findings are processed internally in
1140 accordance with DHHS Controller's Office Procedure PB 901. If a deferred
1141 repayment plan is approved under NCAC T10: 01B .0418 the penalty and
1142 interest required by G.S. 147-86.23 will be assessed and added to total amount
1143 due. Deferred repayment plans for the Federal share of disallowances are not
1144 allowed unless the Federal government approves a repayment plan.

1145
1146 **d) Payment Terms And Dunning Accounts - DHHS Policy**

1147 DHHS policy is that all payment terms shall be thirty days after the invoice date
1148 unless an exception is approved by the DHHS Controller for the specific type of
1149 service to be billed under this plan. Invoices should be dated as close to the
1150 anticipated mailing date as possible. The invoice or original bill will notify the
1151 debtor of the 10% statutory penalty and interest charges required by G.S. 147.83
1152 that will be added to balances not paid by the due date of the invoice. Interest is
1153 to be charged on past due accounts receivable at the rate established by G.S.
1154 105-241.21 from the date the account receivable was due through the date it was
1155 paid. Past due invoice follow-up billing for all unpaid amounts shall be sent if a
1156 vendor, agency or individual has not paid by the due date. This is the first
1157 dunning notice for accounts that are 1-30 days past due that is referred to in the
1158 past-due account collections guidelines policy under the Office of the State
1159 Controller's Accounts Receivable Policy. The 1-30 dunning notice is sent when
1160 the account first becomes past due (i.e. invoice date plus 30 days). This notice
1161 will assess the ten percent statutory late penalty unless an exception to charging
1162 penalty for the type of receivable is approved by the DHHS Controller under this
1163 plan. In addition, the 1-30 days past due letter or statement will notify the entity
1164 or individual that unless the account is paid immediately interest will be charged
1165 for each day the account is past due, and that the past due amount will be turned
1166 over to the Attorney General's Office or their designee for collection. If an
1167 amount is still outstanding at the end of 61 days, a second dunning notice will be
1168 sent via certified mail/return receipt and the account shall be turned over to the



1169 Attorney General's Office or their designee for collection. The second dunning
 1170 notice will charge the current statutory interest rate on the unpaid past due
 1171 balance unless an exception for charging interest on the type of receivable has
 1172 been approved by the DHHS Controller under this plan. If no payment or
 1173 response is received in 60 days the account is turned over to the Attorney
 1174 General's Office or their designee on the first working day after the account is 61
 1175 days past due or aged 91 days from the invoice date. See Attachment # 11, for
 1176 sample form letters for use as the 1-30, 31, and 61 day dunning notices for past
 1177 due accounts. **Exceptions:**

1178
 1179 (1) An exception to the 61 day rule for referral of accounts receivable to the
 1180 Attorney General's Office for collection shall be made for returned child
 1181 support checks. Since DHHS has already disbursed money to recipients
 1182 in these cases and timely collection of returned checks is crucial,
 1183 therefore all Child Support checks with the exception of stop payments
 1184 shall be referred to the Wake County District Attorney's Office. Child
 1185 Support checks returned due to stop payments should be referred to the
 1186 contracted collection agency. (See Attachment 17 for Wake County
 1187 District Attorney's Worthless Check Deferred Prosecution Program
 1188 information.)

1189 (2) In accordance with the latest amendment to G.S. 25-3-506, it is no
 1190 longer a requirement that there be a preliminary notice and/or posting of
 1191 the returned check fee. However, provisions in G.S. 25-3-506 now
 1192 require that all collection notices or dunning letters for returned checks
 1193 plainly break out the returned check fee, penalty and interest, i.e.

1194	Amount of check	=	\$100.00
1195	Returned check fee	=	\$ 25.00
1196	Penalty	=	\$ 10.00
1197	Interest	=	<u>\$ 7.00</u>
1198	Total	=	\$142.00

1199 When payment is received for the returned check it should be applied in
 1200 the following order: interest, penalty, fee, principle.

1201 (3) Since the prior notice to payors (and/or posting) is permissive, DHHS
 1202 may post notices explaining these fees or add language to account
 1203 statements that are routinely mailed to payors.

1204 (4) The processing fee, as well as the penalty and interest amounts, must be
 1205 deposited into funds that provide the majority of the support for the
 1206 following: the position responsible for collecting the fee and/or other
 1207 expenses incurred in collecting the fee.

1208
 1209 **e) Referral of Accounts to the Attorney General - OSC Policy**

1210 In accordance with the Office of State Controller, Accounts Receivable Policy,
 1211 Unpaid billings, of any dollar amount, due to a State agency, department or
 1212 institution shall be turned over to the Attorney General for collection no more than
 1213 60 days after the due date of the billing. Amounts owed by all patients which are
 1214 less than the federally established deductible applicable to Part A of the
 1215 Medicare program are exempt. The agency may handle these unpaid bills
 1216 pursuant to agency debt collection procedures. G.S. 147-86.22 states that
 1217 agencies and institutions may use, but are not limited to, collection agencies for
 1218 collecting accounts receivable. Unless it can be shown not to be cost effective,
 1219 agencies and institutions shall contract with collection agencies to collect past-



1220 due accounts. The State has contracted through the Office of the Attorney
 1221 General, with three outside collection agencies to collect all statewide accounts
 1222 receivable. The collection agencies should acknowledge all referred accounts
 1223 within thirty (30) days to the agencies that maintain the account. It should be
 1224 noted that the debtor should be responsible for the cost of collecting the debt
 1225 unless prohibited by law. The Attorney General's Office has recommended that
 1226 Accounts Receivable send delinquent accounts from the Division of Social
 1227 Services, Child Support Enforcement to one of the state contracted collection
 1228 agencies. This will enable DSS to collect monies owed in a more diligent manner.
 1229 Due to the large number of delinquent Child Support accounts the Attorney
 1230 General's Office is unable to handle these returned items (checks, bank drafts,
 1231 etc.).
 1232

Exception DHHS 5: Use of Collection Agencies

1233 Due to client confidentiality requirements specified in G.S. 122 C-52,
 1234 DMH/MR/SAS facilities and DHHS schools, will submit past due accounts over
 1235 60 days past due directly to the Attorney General's Office and not to collection
 1236 agencies or the State's Bad Debt Clearinghouse contractor. This policy is based
 1237 on an advisory memorandum from the Attorney General's Office.
 1238
 1239

f) Publications and Information Request Billings

1240 All publications and other requests for information that DHHS divisions require
 1241 payment for must be prepaid before being released. This policy eliminates the
 1242 majority of low dollar amount accounts outstanding that are not cost effective to
 1243 bill.
 1244
 1245

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

1246 For DMH/DD/SAS institutions, liens against outstanding unpaid balances are to
 1247 be filed and maintained in accordance with G.S. 143-126, G.S. 143-126.1 and
 1248 DMH/DD/SAS APSM Section 7; Part I, Procedure 50 "Lien Filing".
 1249
 1250

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

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

1251 County departments of social services are authorized to bill and dun
 1252 Medicaid clients for program overpayments. When the county DSS
 1253 notifies the Division of Medical Assistance Program Integrity that an
 1254 overpayment has been determined and that a specific repayment action
 1255 has been initiated, an account receivable is set up. These accounts are
 1256 reviewed on a quarterly basis with correspondence sent to the county
 1257 DSS requesting that they verify records of the account receivable, and
 1258 that the county pursue enforcement of the collection. Since all legal and
 1259 recoupment actions in recipient cases are handled at the county level,
 1260 the county DSS is responsible for determining the best method of
 1261 enforcing collections on each specific case.
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(2) Work First, ADFC, Foster Care and Special Assistance Programs - Collection of Overpayments

County departments of social services are authorized to bill and dun clients for program overpayments. Since all legal and recoupment actions in recipient cases are handled at the county level, the county DSS is responsible for determining the best method of enforcing collections on each specific case. Work First and AFDC accounts receivable are tracked in the Enterprise Program Integrity Control System (EPICS) and reported on the FRD700-Aged Trial Balance quarterly.

(3) Food Stamp Program – Collection of Overpayments

County departments of social services are authorized to bill and dun clients for program overpayments. Since all legal and recoupment actions in recipient cases are handled at the county level, the county DSS is responsible for determining the best method of enforcing collections on each specific case. The accounts receivable are maintained in the EPICS system and reported on the FNS 209 Quarterly Status of Claims.

8. Inter-Agency Billing - Supporting Documentation

Documentation supporting invoices sent to other DHHS divisions and State agencies will be maintained with the DHHS Controller's Office, Accounts Receivable Section accounting records for review upon request. Documentation will be provided to other State agencies upon request.

9. Recovery Of Cost Of Care And Treatment At DHHS Facilities - DHHS Policy Exception-DMH/DD/SAS-4

For the Division of Mental Health, Developmental Disabilities and Substance Abuse Services, G.S. 143-117 through G.S. 143-127 authorizes the collection of outstanding debts from certain individuals. All persons admitted to the following institutions operated by DHHS are required to pay the actual cost of their care, treatment, training and maintenance at these institutions: Regional psychiatric hospitals, regional mental retardation centers, special care centers, and alcohol and drug abuse treatment centers. As authorized by G.S. 143-118, the Secretary of DHHS may contract to compromise accounts owing to the institution for past, present or future care at the institutions, including but not limited to a contract to charge nothing. The rates set by the compromise shall be determined in the discretion of the Secretary by the ability to pay of the person admitted or the person legally responsible for his support.

10. Ability To Pay Determination and Compromise of Accounts At DHHS Facilities

State Operated Healthcare Facilities shall determine the resources available to each patient for payment of services rendered upon admission, (Amendment G.S.122C-55, Section 3 and Section 4, Session Law 2011-2012, SB316), and determine their ability to pay the patient liability after receipt of Medicare, Medicaid and other insurance benefits. For non-Medicaid accounts the unpaid difference between the patient liability and the ability to pay (ATP) amount is the "contractually compromised" amount under G.S. 143-118 or indigency allowance that is written-off the account. The DHHS State Operated Healthcare Facility and Controller's Office Responsibilities in this process are as follows:



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- 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.

 - 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

 - f) It is the responsibility of the PRR Office to obtain approval for all eligible Medicaid patients. 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



1372 telephone or in writing to follow-up on referrals for which no response has
1373 been received.

1374
1375 **g)** The PRR Office is responsible for the verification of insurance coverage and
1376 identification of private pay accounts. The PRR enters the insurance and
1377 financial information into the HEARTS system. The HEARTS system
1378 coordinates benefits and produces Medicare, Medicaid, and commercial
1379 insurance claims and patient statements based on the patient's Ability to Pay
1380 (ATP) or the Patient Monthly Liability (PML). The Central Billing Office
1381 (CBO) processes the bills, follows up on insurance denials, collects the
1382 payments, deposits collections and posts payments to patients' accounts.
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- 11. **Allowance For Uncollectible Accounts For DHHS Facilities**
An allowance for uncollectible patients' accounts as determined each year by the DHHS Controller's Office staff person responsible for the institution's year end accruals is based on the historic percentage of write off of the total patients' accounts receivable balance at June 30 of the fiscal year. This figure is used in the preparation of the annual financial statement.
- 12. **Deferred Payment Plans DHHS Policy**
The Department does not promote deferred payment plans for amounts owed the State, however, to provide every opportunity for repayment of debts due the State deferred repayment plans may be authorized for the following debts:
 - a) **Local Governments - Public Assistance Debt**
General Statute 108A-89 "State Public Assistance Contingency Loan Program" provides for a repayment schedule for counties that are not able to fund the county share of public assistance program cost **not to exceed a two year period** subsequent to the year in which the funds were borrowed.
 - b) **Local Governments – Audit Disallowances**
Per NC Administrative Code T10: 01B .0418(l) "Single Audit of Local Governments and Public Authorities" a local government or public authority may propose a repayment plan of amounts determined to be unallowable on an installment basis not to exceed two years. The local government must certify that it is not able to make repayment by the due date specified in the DHHS Secretary's determination letter and that commercial financing can not be obtained. Repayment of the Federal share of amounts determined to be unallowable will not be allowed on an installment basis unless the Federal grantor agency approves of the installment plan or otherwise allows the Department the same installment repayment terms. Interest and penalty will be added to the amount to be financed in accordance with G.S. 147-86.23.
 - c) **Hospitals, Nonprofits and Higher Education Agencies**
Per NC Administrative Code T10: 01B .0419(p) a Hospital, Nonprofit or Higher Education Agency may propose a repayment plan of amounts determined to be unallowable on an installment basis not to exceed two years. The Hospital, Nonprofit or Higher Education Agency must certify that it is not able to make repayment by the due date specified in the DHHS Secretary's determination letter and that commercial financing can not be obtained. Repayment of the Federal share of amounts determined to be unallowable will not be allowed on an installment basis unless the Federal grantor agency approves of the installment plan or otherwise allows the Department the same installment repayment terms. Interest and penalty will be added to the amount to be financed in accordance with G.S. 147-86.23.
 - d) **Employees – Salary Overpayments**
DHHS policies and procedures are provided in the "Administrative Manual for Collection of Salary Overpayments". This manual is to be referred to for specific roles and procedures to be followed by the DHHS Controller's Office and the DHHS Human Resources Office in collection of active employee salary overpayments. The following is a brief summary of the DHHS policy.



1434 Current State employees are required to repay money owed to the State per
 1435 G.S. 143-553. A series of three collection letters are sent at 15 day intervals.
 1436 If the employee fails to respond to the first or second letter a third certified
 1437 letter is sent informing the employee that failure to respond may result in
 1438 his/her dismissal. If the employee fails to respond to the third letter the
 1439 division/institution chief of personnel services is to be contacted concerning
 1440 disciplinary action for failure to pay money owed the State. If a former DHHS
 1441 employee is currently employed by another State Agency the same process
 1442 is followed except the letter requesting disciplinary action is sent to the
 1443 personnel manager of the State agency where the individual is currently
 1444 employed. Current State employees that fail to repay these funds may be
 1445 dismissed. Collections from former State employees follow our general
 1446 collection process and are handled by AR-Other. Salary Overpayments that
 1447 are over 90 days past due are referred to Debt Set-off if the amount is \$50 or
 1448 more, the Attorney General for amounts of \$500 or more and to collection
 1449 agencies and/or reporting bureaus for amounts of \$25 or more. Amounts
 1450 due from separating employees may be deducted from the employee's final
 1451 pay check using termination debt payroll code 051 without employee
 1452 authorization. Collection from current employees by payroll deduction
 1453 requires written authorization from the employee. Current DHHS employees
 1454 may request a deferred repayment plan to repay their salary overpayment. A
 1455 minimum payment of 10% of the employee's current net disposable wages is
 1456 required per G.S. 143-553.
 1457

1458 **e) Deferred Repayment Plans for Cost of Care And Treatment For Patients**
 1459 **Of The Regional Psychiatric Hospitals, Special Care Centers, Mental**
 1460 **Retardation Centers, Schools For Emotionally Disturbed Children, And**
 1461 **Alcohol And Drug Treatment Centers Listed In G.S. 143-117**
 1462 **DMH/DD/SAS - Exception 5**

1463 The authority of the Secretary under G.S. 143-119 (c) to negotiate a deferred
 1464 repayment plan for care and treatment is delegated to the institution
 1465 directors. Deferred plans may be used when a patient is not able to pay the
 1466 total cost due on a monthly basis. A deferred payment may be made on a
 1467 monthly basis or a delayed lump sum basis. The Institution director may
 1468 delegate the authority to negotiate deferred payment plans to the PRR and
 1469 authority to approve deferred plans to the PRR Supervisor. If the PRR
 1470 Supervisor is involved in the negotiation of the deferred payment, it must be
 1471 approved by the business manager or institution director. A sample copy of
 1472 the Deferred Payment Agreement is found in Attachment # 8.
 1473

1474 **f) Medicaid Providers Deferred Repayment Plans Authorized - Exception-**
 1475 **DMA-4**

1476 The Director of the Division of Medical Assistance or his or her designee is
 1477 given the authority to negotiate and approve extended repayment
 1478 agreements with program service providers. These plans shall include a
 1479 provision for interest and a late penalty, where appropriate, to be charged on
 1480 the outstanding balance in accordance with G.S. 147-86.23 and G.S. 105-
 1481 241.21. Repayment schedules are not to exceed a two year period without
 1482 the concurrence of the DHHS Controller. The Federal share of such
 1483 agreements must be financed from 100% State funds since CMS requires
 1484 that the Federal share of such overpayments be credited (advanced) to CMS
 1485 on the next quarterly CMS-64 Report following the sixtieth day from the date
 1486 that the overpayment is discovered by the State.
 1487



1488 **13. Garnishments, Liens And Judgments - DHHS Policy**
1489 DHHS obtains liens through judgments against debtors' assets by submission of
1490 accounts over 90 days past due to the Attorney General for litigation. The objective of
1491 the litigation is to obtain a judgment against the debtor's assets. For debts due to G.S.
1492 122 facilities, a general lien against the client's real and personal assets is created by
1493 G.S. 143-126.1. When it is determined that a patient has a past due balance, the DHHS
1494 Controller's Office Accounts Receivable Section will file a verified statement of account
1495 with the clerk of superior court in the patient's county of residence and any counties
1496 where the patient owns real property to secure a lien against the patient's real and
1497 personal property that has not been exempted under the ability to pay or other
1498 compromise agreement.
1499

1500 **14. Write-off Of Uncollectible Accounts - DHHS Policy**
1501 Uncollectible accounts will be written off financial accounting records and no longer
1502 recognized as collectible receivables for financial reporting purposes, but the legal
1503 obligation to pay the debts will remain. Accounts written off remain debts due the
1504 Department until either a) the Department determines that the responsible party has no
1505 ability to pay or b) the debt is discharged by the Office of the Attorney General or c) in
1506 cases where the Department has not been able to determine an ability to pay the amount
1507 is discharged through a compromise contract under the provisions of G.S. 143-118.
1508 Compromise contracts may be entered into for past, present or future care at the
1509 institutions and these contracts may include but are not limited to a contract to charge
1510 nothing. If an obligor defaults in the repayment of a compromise account or any
1511 installment, then the full actual cost of care shall be assessed against the person
1512 admitted.
1513

1514 The DHHS procedures, criteria, and approvals to write-off uncollectible accounts are in
1515 accordance with OSC Policy where specific authority is not provided by State law.
1516 Accounts will be written off the financial accounting records when all collection
1517 procedures, including those required by the Office of the Attorney General (OAG), have
1518 been conducted without results and management deems the accounts uncollectible.
1519 Accounts due from individuals or vendors must be submitted to the Department of
1520 Revenue for setoff debt proceedings at least once before write off. After write off, these
1521 accounts shall continue to be submitted to the Department of Revenue for debt setoff
1522 proceedings. Prior approval of the DHHS Controller is required before write-off of any
1523 amount over \$25.00. The DHHS Controller will obtain the written approval of the
1524 Assistant Secretary before the write-off of any amount over \$500.00.
1525

1526 **15. Write-off Procedures**
1527 Account balances of more than \$25 that have been determined to be uncollectible in
1528 accordance with the DHHS Policy stated in Section II.C.14 will be submitted to DHHS
1529 Controller for approval. The responsible staff of the Accounts Receivable Section will
1530 provide the DHHS Controller with the reasons for writing off an account as stated in
1531 Section II.C.14 above. The Accounts Receivables Section shall maintain documentation
1532 in the file or on-line account notes to support all write-offs. In Accordance With OSC
1533 Statewide A/R Program Policy, all write-off documentation will be retained on file
1534 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.



1591 **e) Write-offs - Balances of \$25 or Less**
 1592 For past due accounts receivable of \$25 or less, the DHHS Controller's Office,
 1593 Accounts Receivable Section is given the authority to utilize the regular US mail
 1594 rather than certified mail in notifying the debtors of the past due amounts. The
 1595 Chief of the DHHS Accounts Receivable Section is given the authority to write off
 1596 the debt after 90 days of documented collection efforts for amounts of \$25 or
 1597 less. It is not cost effective to collect amounts less than \$1.00. Accordingly,
 1598 amounts for less than \$1.00 need not be billed and may be written off without any
 1599 collection effort.

1601 **f)** The Secretary of DHHS has delegated to the Department of Justice (DOJ),
 1602 Human Services/Medical Facilities Section, the authority for limited compromise
 1603 of patient accounts. This authority, provided to the DHHS Secretary in G.S. 143-
 1604 118 (e), shall be exercised by the Head of the Mental Health Subsection of the
 1605 DOJ and specifically limited to compromising debts owed to the Division of
 1606 Mental Health, Developmental Disabilities and Substance Abuse for care and
 1607 treatment of individuals that have been referred to the DOJ Debt Referral Office.
 1608

1609 **16. EFT To Be Used In Collection of Local Share of Public Assistance Benefits From**
 1610 **Counties**

1611 DHHS agencies shall Use Electronic Funds Transfer (EFT) for collection of the
 1612 county/area program share of payment/benefits under Office of Information Technology
 1613 Services, Common Payment Service. This program is to transmit funds electronically to
 1614 and from local county departments of Social Services. The OSC Cash Management
 1615 Directive for the Electronic Transfer of Funds between the State and Local Units of
 1616 government (Section III) will be followed for all divisions. The Program Benefits Payment
 1617 Section of the DHHS Controller's Office will notify counties five (5) business days prior to
 1618 the effective date of payment to be made electronically. When a county's payment has
 1619 not been honored, the chief of the section responsible for receipt of the county funds shall
 1620 notify the DHHS Controller in order to effect the collection of the overdue amount through
 1621 tax interception by the NC Department of Revenue (G.S. 105). These tax intercept
 1622 letters are issued by the Office of State Budget, and Management (OSBM). Where
 1623 applicable, any payment that is not received by DHHS on a timely basis shall be subject
 1624 to the interest and penalty provisions stated in G.S. 147-86.23. The remedies for
 1625 collection shall be pursuant to the Statewide Accounts Receivable Law (G.S. 147-86) or
 1626 other prevailing general statute.
 1627

1628 **17. Merchant Cards Accepted by DHHS**

1629 In accordance with G.S. 147-86.22 and the State of North Carolina Cash Management
 1630 Plan DHHS accepts debit and credit card transactions. The State Controller has
 1631 approved the DHHS Electronic Payments Business Plan which includes the acceptance
 1632 of debit and credit cards for payment. DHHS utilizes the Master Settlement Agreement
 1633 (MSA) for electronic payment processing and has established policies and procedures
 1634 necessary to facilitate the use of debit and credit cards. Only MasterCard and Visa credit
 1635 and debit cards are accepted. These DHHS policies and procedures will incorporate the
 1636 statewide electronic payment policies and procedures found at
 1637 http://www.ncosc.net/SECP/EPP_Index.html. DHHS charges payors a convenience fee
 1638 for the use of credit or debit cards. This is a flat fee of \$5.00 per transaction. The only
 1639 service that DHHS charges the \$5.00 flat fee for is child support payments made by debit
 1640 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;



- 1689 **b)** An alternative means of collection is pending and believed to be adequate;
- 1690 **c)** A collection attempt would result in loss of Federal Funds.
- 1691

1692 In accordance with OSC policy, past due debts are to include all accounts that have been
 1693 written-off as uncollectible for financial reporting purposes as well as those that are still in
 1694 the collection process. The setoff collection efforts shall be in accordance with G.S. 105A
 1695 Setoff Debt Collection Act and the submission procedures specified by OSC and the
 1696 Department of Revenue.

1697
 1698 **20. In-house Set-Off For Medicaid Provider Receivables**

1699 Amounts due to the Department from providers may be recovered by withholding
 1700 payment of current claims payable due to the provider or by set-off against other amounts
 1701 payable to the provider until the full amount due is paid. In addition, payment to providers
 1702 may be suspended pending resolution of cost report settlements and/or program integrity
 1703 reviews.

1704
 1705 **Medicaid Provider Payment Suspension:**

1706 In accordance with Session Law 2009-451, SECTION 10.73A. (a) The Department of
 1707 Health and Human Services may suspend payment to any North Carolina Medicaid
 1708 provider against whom the Division of Medical Assistance has instituted a recoupment
 1709 action, termination of the NC Medicaid Administrative Participation Agreement, or referral
 1710 to the Medicaid Fraud Investigations Unit of the North Carolina Attorney General's Office.
 1711 The suspension of payment shall be in the amount under review and shall continue
 1712 during the pendency of any appeal filed at the Department, the Office of Administrative
 1713 Hearings, or State of Federal courts. If the provider appeals the final agency decision
 1714 and the decision is in favor of the provider, the Department shall reimburse the provider
 1715 for payments for all valid claims suspended during the period of the appeal.

1716
 1717 SECTION 10.73A. (c) The Department shall not make any payment to a provider
 1718 unless and until all outstanding Medicaid recoupments, assessments, or overpayments
 1719 have been repaid in full to the Department, together with any applicable penalty and
 1720 interest charges, or unless and until the provider has entered into an approved payment
 1721 plan.

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 1723
 1724 **21. Reporting To the State Controller**

1725 In accordance with G.S. 147-86.26, the DHHS Controller's Office shall provide the State
 1726 Controller with a complete report of the agency's aged accounts receivables upon
 1727 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.



II. Management Of Disbursements

A. Cash Management Over Disbursements

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

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

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

The following rules are included in this Plan.

1. **Funds Remain on Deposit Until Disbursement to Ultimate Payee**
Monies deposited with the State Treasurer are to remain on deposit with the State Treasurer until final disbursement to the ultimate payee. This law in essence prohibits processing receipt or disbursement of State funds through contractor or intermediary bank accounts.
2. **No State Funds May Be Expended Without An Authorized Budget**
As provided by G.S. 147-86.10, the order in which appropriations and other available resources are expended shall be subject to the provisions of the Executive Budget Act, G.S. 143-1 through 34.45, regardless of whether the State agency disbursing or expending the monies is subject to the Act. Funds are not to be disbursed if they are not in the authorized budget. G.S. 143-16.1 (a) States “All federal funds shall be expended and reported in accordance with the 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



- 1898 (4) NCAS Header Sheet or copy of E-Procurement Purchase Order Sheet
- 1899
- 1900 (5) IT Checklist
- 1901 (6) *Audit Requirements Questionnaire (not required for Personal Service Contracts)
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- 1903 (7) Federal Assurance (if applicable)
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 - Federal Certification Regarding Lobbying Form
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 - Federal Disclosure of Lobbying Activities
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 - Federal Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion-Lower Tier Covered Transactions
- 1907
 - Federal Certification Regarding Drug-Free Workplace Requirements
- 1908
 - Federal Certification Regarding Environmental Tobacco Smoke
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- 1913 (8) State Grant Certification-No Overdue Tax Debts (if applicable)
- 1914 (9) Notice of Certain Reporting and Audit Requirements (if applicable)
- 1915
- 1916 (10) DOA or ITS Purchasing and Contract Approval Letter (if applicable)
- 1917
- 1918 (11) RFP/RFI/RFA and Supporting Documentation (if applicable)
- 1919 (12) Letters of Tax Exempt Status (if applicable)
- 1920 (13) *Notarized Policy Addressing Conflict of Interest (if applicable)
- 1921 (14) *Reimbursement Request from the contractor, approved for payment by the program contract manager.
- 1922
- 1923 (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).
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c) Employee Travel:

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- 1930 (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.
- 1931
- 1932 (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.
- 1933
- 1934 (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).
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d) Tuition Reimbursement:

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- 1943 (1) Application for Employee Education Assistance form (PD 136), approved by the supervisor for participation
- 1944 (2) Copy of the transcript, indicating passage of the course
- 1945 (3) Copy of canceled check or receipt for tuition payment.
- 1946 (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.



- 2006 (3) For Procurement Card statements, ensure that there is a copy of
- 2007 the receipt (receiving report) with the purchaser's signature for
- 2008 each of the purchases on the credit card statement.
- 2009 (4) For Procurement Card statements, ensure that the
- 2010 division/institution supervisor has approved the purchases by his
- 2011 or her signature for each purchase on the monthly statement.
- 2012
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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

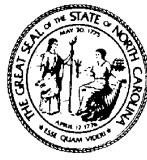
State funds appropriated by the General Assembly (inclusive of Federal funds) shall not be disbursed to any corporation, organization, or institution until all the required reports and financial information have been provided as required by this section. Attachment 15 provides general guidance for these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



2061 year will be transferred to the appropriate Federal Fund code to avoid reversion
 2062 of Federal cash and duplication of revenue reporting in the subsequent year.
 2063 Unallocated program refunds and overpayment recoveries containing funds due
 2064 to Federal or local governments will be carried forward to the subsequent year for
 2065 distribution to the appropriate parties and funds. Unallocated refunds will be
 2066 transferred to the agency fund or reclassified as payables or deferred revenue for
 2067 CAFR reporting.
 2068

2069 **10. Financing Reimbursable Expenditures With State Appropriations Policy**

2070 State appropriations shall not be used to support expenditures that are
 2071 reimbursable from any source when an advance is available by letter of credit or
 2072 other means. In general, this means you may not finance the Federal share of
 2073 expenditures with State funds when an advance is available. Likewise, Federal
 2074 cash advances and claims for reimbursement are generally limited to the Federal
 2075 share of allowable cost incurred. Accordingly, DHHS policy is to disburse the
 2076 required non-Federal share of each advance or expenditure at the time the
 2077 allowable advance or expenditure is incurred. Some Federal programs have
 2078 maintenance of effort requirements. Maintenance of effort expenditures must
 2079 generally be incurred by the end of the Federal fiscal year or other period
 2080 specified in the award, code of Federal Regulations or Federal law. When
 2081 expenditure is eligible for reimbursement under more than one Federal award the
 2082 expenditure will be charged based on a plan approved by the DHHS Controller
 2083 and the DHHS Assistant Secretary. Such plans will be designed to maximize the
 2084 earned revenue to the State from all the grants and/or assure that the maximum
 2085 number of eligible recipients is served. To avoid loss of funding the oldest
 2086 available award will be used first, awards with the higher reimbursement rate will
 2087 be used second, awards with more restrictive requirements will be used third,
 2088 and finally the most recent awards with the least restrictive requirements (usually
 2089 block grants) are used last or carried over to another period.
 2090

2091 **11. Reconciliation of Bank Accounts Policy**

2092 Agency bank accounts shall be reconciled on a monthly basis within 15 calendar
 2093 days of the receipt of the State Treasurer's statement. The monthly bank
 2094 reconciliation is to be verified by the DHHS Controller's Office staff assigned
 2095 responsibility for the account. Staff assigned to reconcile the bank accounts may
 2096 not be assigned duties involving posting accounts, authorizing disbursements or
 2097 handling receipts and unpaid checks.
 2098

2099 **12. Uncashed Public Assistance Checks Policy**

2100 In the case of DSS, Federal regulations require the return of Federal participation
 2101 in TANF checks that remain uncashed for a period of 180 days. The OSBM has
 2102 given approval to treat all public assistance payment checks consistently. In
 2103 order to comply with Federal regulations, a report is produced that lists all checks
 2104 outstanding after a period of 90 days. County DSS offices are notified that these
 2105 checks are outstanding and will be canceled in a subsequent month.
 2106

2107 **13. Interagency Transfers And Payments Policy**

2108 DHHS divisions will follow the OSC Memorandum dated February 19, 2004 on
 2109 the Cash Management Control System and will use the Cash Management
 2110 Control System for all transfers as follows:

- 2111 a) Between DHHS agencies and all transfers outside of DHHS
- 2112 b) Permanent transfers of appropriations to another agency should be
- 2113 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.



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15. Time Of Payment For Goods And Services Received Policy

Billings to the State for goods received or services rendered shall be paid neither early nor late but on the discount date or due date to the extent practical. Early payment should be avoided. The NCAS accommodates the timely payment of invoices by scheduled due date. The disbursement date scheduled by the system to produce checks will not be overridden or changed without the approval of the DHHS Controller's Office Section Chief in charge of the accounts payable operation. Such approval may be given when a request is received from a division director or budget officer with a program justification for payment on an earlier disbursement cycle. Payments without a due date will be scheduled on the next regularly scheduled check write.

16. Disbursement Cycles Policy

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

17. Advance Of Financial Assistance Funds Policy

If a DHHS division receives a request for an advance, and if the request meets the Department's criteria for approval, a completed DHHS Certification of Cash Needs approved by division/institution management must be forwarded to the DHHS Controller's Office Program Benefit Payments Section, Branch Head in charge of payments for the division for a check to be issued.

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

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



2178 The Certification of Cash Needs may be submitted along with the
2179 monthly reimbursement request, but it may also be sent separately.
2180 When the Certification of Cash Needs is approved, it will be forwarded to
2181 the Controller's Office where the advance will be processed at the next
2182 reimbursement cycle. The sixty-day limitation does not apply to grants
2183 with sub recipients for the purchase of capital items (e.g., start-up costs,
2184 purchase of automobiles and other capital items). In the case of capital
2185 purchases authorized in the contract or grant agreement, the entire
2186 amount budgeted for the capital expenditure may be advanced if it is
2187 purchased and paid for within 30 days, and the contractor documents
2188 that a delay of such reimbursement would create a financial hardship.
2189

2190 The DHHS Controller's Office will analyze the cash needs of the
2191 Contractor no less often than every three months. If it is determined by
2192 the Department that the advance exceeds the financial needs of the
2193 Contractor based on actual monthly expenditures, the excess advance
2194 will be reduced from a subsequent month's expenditure
2195 report/reimbursement. Any excess funds held by the Contractor that are
2196 anticipated to be unexpended as of the last day of the contract period
2197 shall be refunded to the Division by the contracting ending date.
2198

2199 c) In reference to advances beyond the 60-day limit, DHHS discourages
2200 this practice. Under unusual circumstances a request for an advance
2201 exceeding the 60 days period may be considered by the division, which
2202 may consult with the DHHS Controller's Office concerning the entity's
2203 audit history or other related fiscal matters relevant to the request. The
2204 request for advance must identify the unique circumstances that justify
2205 the advance and be signed by the entity's director and the board chair.
2206 Before requesting an advance, the board chairperson will secure the
2207 approval of the entire board. The request to the division will require the
2208 two signatures and provide evidence of the entire board's approval. The
2209 request will include the names and addresses of the board members.
2210 When the advance check is sent, all board members are to be notified by
2211 the DHHS Controller's Office.
2212

2213 **NOTE:** If a contractor is funded with Federal funds and an advance is
2214 necessary to avoid a hardship for the contractor, **the division**
2215 **MUST identify and budget state funds to support the**
2216 **advance.** All advances must be settled before June 30 the fiscal
2217 year end. Federal funds may be used to support an advance to
2218 a contractor only if such an advance is allowed by Federal
2219 regulations (some Block Grants), and the Federal funds
2220 advanced are reportable as an allowable cost, and qualify as an
2221 allowable expenditure for Federal reporting purposes, and would
2222 not otherwise require the use of State funds. Procedures for
2223 advancing Federal funds to sub-recipients shall ensure
2224 compliance with Cash Management Improvement Act (31 CFR
2225 Part 205).
2226



2227 EXCEPTION: In accordance with a letter from the Administration for
2228 Children and Families, Division of Energy Assistance
2229 dated 7/2/01, the requirement to budget State funds to
2230 support advance payments to local contractors for the
2231 Weatherization Assistance Program through funds from
2232 the Low Income Home Energy Assistance Program is
2233 waived. **Exception DSS1**
2234
2235 EXCEPTION: Based on communications with the regional federal
2236 agency responsible for administering the CCDF grant,
2237 advances of CCDF Discretionary funds are allowable
2238 and the requirement to budget state funds to support
2239 advance payments is waived. **Exception DCD 1**
2240
2241 EXCEPTION: Based on communications from the Region IV
2242 Administration on Developmental Disabilities (ADD)
2243 Office under Administration for Children and Families in
2244 Atlanta, advances of ADD funds are allowable and the
2245 requirement to budget state funds to support advance
2246 payments is waived. **Exception NCCDD 1**
2247
2248 EXCEPTION: Based on communications from the Division of Energy
2249 Assistance, Office of Community Services, advances of
2250 Low Income Home Energy Assistance Program funds
2251 are allowable and the requirement to budget state funds
2252 to support advance payments is waived. **Exception**
2253 **OEO 1**
2254
2255 EXCEPTION: Based on USDA WIC Program, 7CFR Subpart E
2256 246.16(d), advances of WIC funds are allowable and
2257 required. Since these federal fund advances are a
2258 requirement of the program, the requirement to budget
2259 state funds to support advance payments is waived.
2260 **Exception DPH 2**
2261
2262 EXCEPTION: Based on USDA Child and Adult Care Food Program
2263 and the Summer Feeding Program, 7CFR Subpart C
2264 226.6(b) (10) and Subpart D226.12 (b), advances of
2265 these funds are allowable and required. Since these
2266 federal fund advances are a requirement of the program,
2267 the requirement to budget state funds to support
2268 advance payments is waived. **Exception DPH 3**
2269
2270 EXCEPTION: Based on communications from the federal Grants
2271 Management Specialist, HIV/AIDS Bureau, HRSA, and
2272 CFR Title 45, Part 74.22, advances of Ryan White funds
2273 are allowable and the requirement to budget state funds
2274 to support advance payments is waived. **Exception**
2275 **DPH 4**
2276



2277 EXCEPTION: Based on communications from the federal HIV
 2278 Prevention Project Grants Management Specialist,
 2279 Centers for Disease Control and Prevention in Atlanta,
 2280 and CFR Title 45, Part 74.22, advances of HIV
 2281 Prevention funds are allowable and the requirement to
 2282 budget state funds to support advance payments is
 2283 waived. **Exception DPH 5**
 2284

2285 EXCEPTION: Based on the need for SSF LME's to be reimbursed at
 2286 the end of a state fiscal year using their State
 2287 appropriation, an advance for said funds shall be
 2288 allowed. Repayment of these advances shall be
 2289 extended after the settlement by the Regional
 2290 Accountants for SSF LME's. To document expenditures
 2291 against the payments, LME's will process shadow claims
 2292 via IPRS and/or provide documentation of expenditure
 2293 for reimbursement basis. **Exception DMH/MR/SAS 7**
 2294

2295 EXCEPTION: The requirement that State funds be budgeted to support
 2296 advances for the Federal Community Services Block
 2297 Grant-American Recovery and Reinvestment Act
 2298 (CSBG/ARRA) Program is waived. Federal
 2299 CSBG/ARRA funds may be used to make advance
 2300 payments to local sub-recipients in accordance with
 2301 DHHS policies and procedures. **Exception OEO 2**
 2302

2303
 2304 **18. Payments Provided to MH/DD/SAS Area Authorities/Local Management Entities**
 2305 **(LME)**

2306 Payments to Area Authorities/Local Management Entities are based on yearly
 2307 allocations of State and Federal funds and are made in accordance with terms
 2308 identified in the DHHS/LME contract. Types of payments shall consist of 1)
 2309 System Management cost, 2) Unit Cost Reimbursement (UCR), 3) Non-UCR
 2310 expenditures, and 4) capitation model payments.
 2311

2312 **a)** Systems Management payments are based on modeled costs for the
 2313 system management functions listed in the respected DHHS/LME
 2314 contract. LME Systems Management payments are currently paid in
 2315 1/12th installments. The monthly payment is initially supported by 100%
 2316 State appropriation and will be made during the last week of the month.
 2317 LME (s) are required to submit their actual certified monthly LME
 2318 Systems Management expenditures report which must be received at the
 2319 DHHS Controller's Office by the 15th of the following month. From this
 2320 reported expenditure data, the DHHS Controller's Office then draws in
 2321 the appropriate amount of Medicaid administration funds via our cost
 2322 allocation method. Sufficient time has been allotted to allow LME (s) to
 2323 submit their actual expenditures for the preceding month and allow the
 2324 Controller's Office to draw in Medicaid administration funds prior to
 2325 releasing the next month's LME Systems Management payment. Failure
 2326 on the part of the LME (s) to submit their expenditure report by the 15th of
 2327 the following month will cause additional payments to not be made until
 2328 the LME (s) Systems Management expenditures for that prior month are
 2329 received by the DHHS Controller's Office.
 2330



2345 c) Non-UCR payments are processed through NCAS. The DMH/DD/SAS
 2346 budgets both State and federal funds in account/center(s) associated
 2347 with the payment to LMEs for reimbursement of Non-UCR expenditures.
 2348 The LME reports Non-UCR expenditures on a Financial Status Report
 2349 (FSR). The FSR is certified by the LME before it is submitted for review
 2350 by the Regional Accountant. Once the FSR is reviewed and approved
 2351 the FSR becomes the invoice for the reimbursement of the LME
 2352 expenditures.

2353
 2354 Anticipated State funded Non-UCR expenditures by the LME(s) for the
 2355 month of June of each year may be reported for reimbursement prior to
 2356 the end of June. Following the close of the fiscal year, LME(s) are
 2357 required to submit a certified June FSR to their Regional Accountants for
 2358 review and processing. In the event the June payment exceeds certified
 2359 actual expenditures for the month, the LME will be instructed and
 2360 required to remit to the Division an amount equal to the over payment.

2361
 2362 d) Capitated payment plans are allowable pending DHHS approval.

2363
 2364 **19. Capital Project Disbursements for DMH/DD/SAS**

2365
 2366 Capital project disbursements for DMH/DD/SAS shall be made in accordance
 2367 with 10 NCAC 14C 1123, Division Funds for Capital Projects.

2368
 2369 **20. Employee Travel Advances Policy**

2370
 2371 a) Employee travel advances can be issued no more than five working days
 2372 before the actual date of departure.

2373 b) Travel advances shall not be issued for less than \$50.00.

2374 c) Only one travel advance may be outstanding per employee unless a
 2375 permanent travel advance issued was issued and a special or temporary
 2376 travel advance is needed to cover special training or conferences.

2377 d) Travel advances must be approved by the employee's supervisor.

2378 e) Travel advances may not be issued to employees who have an
 2379 American Express Corporate Card for expenses that can reasonably be
 2380 expected to be charged on the card.

2381 f) In accordance with the State of North Carolina Budget Manual, Section
 2382 5, requests for reimbursement must be filed within 30 days after the
 2383 travel period ends for which the reimbursement is being requested.

2384 g) All advances must be settled before June 30 each year. (Reference:
 2385 "North Carolina Department of Health and Human Services Internal
 2386 Policy and Procedures Manual".)

2387 h) Effective 9/1/2001, DHHS will make all payments to employees'
 2388 (including travel advances) via direct deposit to the employee's bank
 2389 account registered with the DHHS Controller's Office. In order to achieve
 2390 economy in DHHS operations, reimbursement for travel expenses and
 2391 advances by direct deposit is mandatory unless the employee does not
 2392 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.



2441 d) Petty cash receipts and invoices should be reconciled on an on-going
2442 basis by the custodian of the fund. Reconciliation of the petty cash fund
2443 is to be made each month by both the custodian of the petty cash fund
2444 and the employee responsible for bank deposits, or another employee
2445 designated by the Chief of the General Accounting/Financial
2446 Management Section. An audit or surprise audit of the petty cash fund is
2447 to be made not less than annually by an employee assigned by the Chief
2448 of the General Accounting/Financial Management Section or the Chief of
2449 Cost Accounting/Financial Reporting Section. In those instances where
2450 the audit finds discrepancies in cash on hand plus unreimbursed
2451 expenditures (i.e. the total must equal the amount of the petty cash fund
2452 at all times), the finding will be documented and reported to the division,
2453 Chief of the General Accounting/Financial Management Section or the
2454 Chief of Cost Accounting/Financial Reporting Section, the Institution
2455 Business Manager when applicable, and to the DHHS Controller. For
2456 outlying offices, the accountant in charge of the field office is responsible
2457 to ensure the audits are conducted. He/She may request an audit be
2458 performed by the Chief of the General Accounting/Financial
2459 Management Section who will assign staff to conduct it from locations
2460 close to the site.

2461 e) Reimbursement of expenditures made from all petty cash funds will be
2462 as needed, but not less than monthly. The petty cash fund custodian
2463 shall maintain receipts supporting each petty cash disbursement. The
2464 custodian shall prepare a request for petty cash reimbursement form
2465 provided by the DHHS Controller's Office that lists all disbursements
2466 since the last reimbursement request grouped by account/center and the
2467 amount of petty cash on hand as of the time and date the reimbursement
2468 request is mailed. The sum of the listed disbursements and the cash on
2469 hand should equal the authorized amount of the petty cash fund at all
2470 times and any differences must be fully explained. Petty cash
2471 reimbursement requests are to be submitted to the appropriate branch in
2472 the General Accounting/ Financial Management Section within the DHHS
2473 Controller's Office. (See DHHS Controller's Office Procedure GA026 for
2474 an example procedure and Petty Cash Request For Replenishment and
2475 Reconciliation form to be used by the Schools of the Division of Deaf and
2476 Hard of Hearing)

2477 f) The entire petty cash fund is to be deposited with the State Treasurer by
2478 the end of the fiscal year.

2481 **24. Revolving Funds Policy**

2482 For the purpose of this policy a revolving fund is any fund established to operate
2483 from its own receipts (i.e. a fund established for large meetings, conferences,
2484 special events, special revenue funds, service funds and enterprise funds). Any
2485 such funds must be approved by the DHHS Controller and will also require at
2486 minimum an approval of an internal budget revision before receipt or
2487 disbursement of any funds. Requests to establish a revolving fund will be from
2488 the Division's Director or Budget Officer indicating the purpose and need for the
2489



2490 fund, the appropriateness of the level of funding and the assurance that the fund
 2491 will not be used to circumvent the purchasing or budgeting process. The request
 2492 should also include the Federal or State legislation which authorizes/requires the
 2493 establishment of the fund. Upon approval by the DHHS Controller, the
 2494 Department will submit a request to the State Treasurer's Office for approval.
 2495 The revolving fund shall be reevaluated annually. The evaluation should
 2496 consider the continued need for the fund, the appropriateness of the funding
 2497 level, and the assurance that the fund is not being used to circumvent the
 2498 purchasing process. The Division Director will verify this to the DHHS Controller
 2499 by May 31 each year. The Division Budget Officer will indicate, on the division
 2500 director's request, his/her concurrence or non-concurrence with the
 2501 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.

2510
 2511 **25. Patient/Student Personal Funds Disbursement Policy**

2512 Due to the diverse treatment groups residing in DHHS institutions, the institution
 2513 director or school director must establish an institution specific policy to control
 2514 distribution, expenditure, handling, accountability, and safe maintenance of
 2515 patient/student personal funds maintained on wards/units. This policy must
 2516 address the following minimum internal controls, and must be submitted for
 2517 review and approval by the DHHS Controller. (See Example Institution Personal
 2518 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.



- 2541 i) Reconciliation of patient's ward/unit cash on hand to the money envelope
- 2542 balance.
- 2543 j) Weekly Ward/Unit Cash Report to show Total Cash on Hand vs. Totals
- 2544 on Envelopes and Cash Short, Missing or Alleged Stolen Funds.
- 2545 k) Periodic surprise audit of ward cash to balances on money envelope.
- 2546 l) Positions authorized to request refund checks when client is discharged.
- 2547 Cash Refunds will not be allowed, but the cashier may cash check for
- 2548 patient/student or responsible party.
- 2549 m) Requirements for expenditure of Social Security Funds.
- 2550 n) Requirements for expenditure of VA Funds.
- 2551

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.



-
- 2649 2. An employee(s) must be designated to batch control all payment vouchers.
 - 2650 3. An employee(s) must be designated to code invoices/reimbursement requests for
2651 entry into NCAS Accounts Payable. Differentiate between employees who
2652 determine account/center coding and those that process disbursements that are
2653 pre-coded by the system from the purchase order encumbrance transactions that
2654 are coded by employees outside the Controller's Office.
2655
 - 2656 4. An employee(s) must be designated to determine correct coding for purchase
2657 order encumbrance transactions before entry in the NCAS purchasing system.
2658
 - 2659 5. An employee(s) must be designated to process non purchase order
2660 disbursements, including state level contracts, travel, client transportation,
2661 telephone, utilities, postage, data processing service, refunds of receipts,
2662 purchase of service contracts and administrative contracts.
2663
 - 2664 6. A division/institution management employee(s) must be designated to approve
2665 non-purchase order vouchers and refunds for payment.
2666
 - 2667 7. An employee(s) must be designated to review the Control Group Status (CGS)
2668 on NCAS daily for balanced batches to ensure invoices vs. keyed information
2669 matches.
2670
 - 2671 8. An employee(s) must be designated to perform the NCAS check printer audit
2672 function and to review appropriateness of manual checks written.
2673
 - 2674 9. An employee(s) must be designated to control the signature cartridge.
 - 2675 10. An employee(s) must be designated to control access to the blank check stock
2676 and pre-printed check stock.
2677
 - 2678 11. An employee(s) must be designated to be responsible for preparation of the
2679 quarterly sales tax report.
2680
 - 2681 12. An employee(s) must be designated to cancel a previously written check.
 - 2682 13. An employee(s) must be designated with authority to re-issue a previously
2683 canceled check.
2684
 - 2685 14. An employee(s) must be designated to be responsible for safe keeping of signed
2686 checks not mailed or delivered at the end of the work day.
2687
 - 2688 15. An employee(s) must be designated to perform the monthly audit of NCAS check
2689 printer as set forth in DHHS NCAS Procedures.
2690
 - 2691 16. An employee(s) must be designated to be responsible for custody and operation
2692 of each imprest cash fund including petty cash and/or change funds.
2693
 - 2694 17. An employee(s) other than the imprest cash fund custodian must be designated
2695 for auditing the disbursements and reimbursements of each imprest cash fund
2696 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.



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



III. Management Over Inventory And Supplies

A. Cash Management Over Inventory and Supplies

1. Inventory Quantity On Hand Policy

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

2. Purchase Requisition Policy

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

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

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

3. The Fixed Asset System (FAS) Responsibility



- 2830
2831 a) An annual inventory of the division/institution fixed assets is to be
2832 conducted before May 31.
2833
2834 b) To assure the accuracy of fixed assets records on a continuing basis, it
2835 is necessary to reconcile Fixed Asset System (FAS) records with NCAS
2836 on a periodic basis. A DHHS Controller's office employee shall be
2837 assigned FAS responsibility for each division/institution (designated FAS
2838 employee). The division/institution designated FAS employee shall
2839 reconcile the FAS records to the NCAS records on a monthly basis.
2840
2841 c) An additional reconciliation may be necessary after completion of the
2842 annual physical inventory and the resulting FAS adjustments. This year-
2843 end reconciliation will be of primary importance in assuring the integrity
2844 of the division annual financial statements and will also be the
2845 responsibility of the designated FAS employee. Balancing and
2846 reconciliation forms and procedures are outlined in the Fixed Assets
2847 System User's Manual.
2848
2849 d) Each division/institution Section Chief or Program Manager shall be
2850 assigned responsibility for their equipment. Any transfer of equipment or
2851 other assets from one section/office/NCAS Center must be formally
2852 transferred by completing the appropriate forms. These forms must be
2853 completed, signed and forwarded to the division/institution's designated
2854 FAS employee in the DHHS Controller's Office. Individuals to whom
2855 equipment is assigned are not relieved of responsibility for that
2856 equipment, regardless of whether it has been physically transferred to
2857 others, unless written notice of release of the item and reassignment to
2858 another individual is submitted to the designated FAS employee via the
2859 appropriate forms.
2860
2861 e) The DHHS Section Chiefs or Program Managers in each DHHS Division
2862 and Institution shall conduct an annual inventory of equipment and other
2863 assets in their charge costing \$500.00 or more in accordance with
2864 procedures issued annually by the DHHS Controller's Office accountant
2865 with fixed asset responsibility for the division/institution. Items costing
2866 less than \$5,000 are not counted for reporting in the State's
2867 Comprehensive Annual Financial Report (CAFR).
2868
2869 f) Federally funded fixed assets are identified in the FAS. Prior to transfer
2870 (either inter or intra-division/institution) or other disposition of Federally
2871 funded fixed assets, the DHHS Section Chief of General
2872 Accounting/Financial Management who has custody of the fixed assets
2873 will consult with the designated FAS employee to determine if the
2874 transfer meets Federal requirements. The appropriate FAS transfer or
2875 disposal forms must be completed, signed and forwarded to the
2876 designated FAS employee. The divisions/institutions will follow
2877 prescribed uniform standards governing the utilization and disposition of
2878 property furnished by the Federal Government or acquired in whole or in
2879 part with Federal funds or whose costs have been charged to a Federal
2880 grant or contract when surplusing property (capitalized equipment).
2881
2882 g) Fixed asset surplus procedures as defined by the Fixed Asset System's
2883 User Manual and the Department of Administration State Surplus
2884 Property Agency will be followed.



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4. Physical Inventory Of Supplies

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

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

The Management Over Inventory and Supplies Section of *the DHHS Cash Management Plan Responsibilities Matrix Supplement (Matrix)* will be completed by the General Accounting and Financial Management Section of the DHHS Controllers Office. In addition, this Matrix will be completed by any DHHS division or institution who has employees that are responsible for performing any of the below listed inventory or supply functions. 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 or institution's 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 encumber all purchases and contracts in NCAS.
2. An employee(s) must be designated to resolve NCAS budget exceptions.
3. An employee(s) must be designated to verify incoming shipments of equipment and supplies against the NCAS receiving copy of the purchase order and to enter items received in NCAS.
4. An employee(s) must be designated as custodian for each inventory stock (i.e., warehouse, pharmacy, dietary, housekeeping, medical supplies, office supplies, forms, etc.).
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.



2938

Appendix



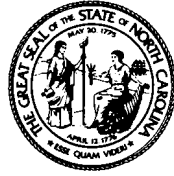
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2941 **Attachments:**



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

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**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.



3038 **Memorandum of Agreement Between the Division of Facility Services and the Division of**
3039 **Medical Assistance Concerning Nursing Facility Surety Bonds Attachment 3**

3040
3041 INTEROFFICE MEMORANDUM

3042
3043 Date: 06-Mar-1995 03:42pm EAS
3044 From: Dick Perruzzi
3045 PERRUZZI
3046 Dept: OFFICE OF DIRECTOR
3047 Tel No: 919-733-2060

3048
3049 TO: Lynda McDaniel (PAPER MAIL)

3050
3051 CC: 8 ADDRESSEES

3052
3053 Subject: New NF Regulations

3054
3055 This memo outlines DMA's position on the issues which were discussed at the DMA/DFS meeting on the new
3056 NF regs.

3057
3058 1. Surety Bonds

3059 We believe your agency should be the "State Fiscal Officer" to verify the existence and sufficiency of the
3060 facility's surety bond. This could be part of the licensure process.

3061
3062 2. Payments under Surety Bonds

3063 DMA agrees to take responsibility for the state in the event a surety bond payment must be made. This
3064 would include working with the facility, issuer of the bond and the payees.

3065
3066 3. Deficiencies and Temporary Management

3067 We believe this should be the responsibility of the DFS.

3068
3069 4. Process for Handling Penalty Payments

3070 DMA agrees to be responsible.

3071
3072 5. CMS/Penalty Conflicts.

3073 Responsibility of DFS. No DMA involvement except consideration of the time it takes to remove patients
3074 if that is required.

3075
3076 6. Coordination of Above with DMA

3077 Dennis Williams will be our contact and will work on the MOU changes necessary to accomplish the
3078 above. Dennis will also be our contact in discussions with DFS concerning the need for rules.

3079
3080 If you have any questions, please contact me.
3081



3082 **Standard Procedure for Deposit of Funds Exempt From the Daily Deposit Act -**
3083 **Attachment 4**
3084

3085 Funds received can be deposited on a weekly rather than daily basis as long as the total collections are
3086 less than \$250.

3087
3088 Immediate deposit is required at any time when as much as \$250 has been received.

3089
3090 Weekly deposits should be made Thursday in time to meet the bank's cut-off time. This will allow
3091 investment of these funds over the weekend and thus maximize interest income to the State.

3092
3093 Weekly deposits must always be made on Thursday even if the \$250 threshold has already been met on
3094 another weekday.

3095
3096 When a cut-off is established and a deposit is made, all funds on hand should be deposited in full.

3097
3098



3099 **DHHS Exceptions to the Daily Deposit Act – State Treasurer’s Approval Letters -**
3100 **Attachment 5**
3101

3102 These letters are on file in with the Office of the Controller. You may obtain a copy by calling
3103 the Accounts Receivable Section at (919) 334-1219.



3107 **State Treasurer's Letter – Handling Checks Where State is a Joint Payee - Attachment 7**

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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 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 _____



3197 Page 2

3198

3199 .

3200

3201 **WITNESS our hands and seals.**

3202

3203 _____ (SEAL)

3204 _____ Address

3205

3206 _____ (SEAL)

3207 _____ Address

3208

3209 _____ Signature (SEAL)

3210 Director of Reimbursement

3211

3212 _____ Signature (SEAL)

3213 Patient/Relative

3214

3215 Sworn to and subscribed before me this the ____ day of _____ 19____

3216

3217 _____
Signature of Notary

3218 **Notary Public**

3219 **My Commission Expires:** _____

3220



3221 **DHHS Facility - Ability to Pay Agreement - Attachment 9**

3222
3223 **MEMORANDUM OF AGREEMENT**

3224
3225 **Client Name** _____
3226 **Date of Admission** _____
3227 **Account #** _____
3228 **Medical Record #** _____
3229

3230 **I understand that the daily charge of which I have been notified is an adjusted rate based upon my ability to**
3231 **pay, and I agree to pay \$ _____ per day for services rendered by the Department of Health and Human**
3232 **Services, Division of MH/DD/SAS. This charge is in addition to any funds received by**
3233 **_____ (insert Hospital name) as payee for _____ (client name) from**
3234 **_____ :**
3235

3236 **I further agree to promptly notify the institution of any change in my financial status. Upon receipt and**
3237 **verification of any change in financial condition of client and/or legally responsible person or other**
3238 **responsible party, the Department of Health and Human Services, Division of MH/DD/SAS is empowered to**
3239 **increase or decrease the rate to be charged based upon the provisional rate schedule. Upon such**
3240 **determination, a new agreement with increased or decreased rates may be made.**
3241

3242 **Unless you are the patient’s guardian, and sign only in your capacity as guardian, when you sign as the**
3243 **legally responsible person or other responsible party, your signature constitutes an agreement to pay this**
3244 **amount and be bound by this contractual agreement. If you default in the payment of a compromise account**
3245 **or of any installment, then it is required that the full actual cost of care shall be assessed and payable. This**
3246 **agreement is executed in accordance with General Statute 143-118.**
3247

3248 **The signature below acknowledges that the client, legally responsible person or other responsible party has**
3249 **read or has been made fully aware of the payment requirements of this agreement.**
3250

3251 **Signed** _____ **Date** _____
3252 **Client/Legally Responsible Person/Other**
3253 **Relation to Client** _____
3254

3255 **Facility:** _____
3256 **Signed:** _____ **Date** _____
3257 **Patient Relations Representative**
3258 **Supervisor**



3259 – **DHHS Facility - Procedure for Determining Patient’s Ability to Pay - Attachment 10**

3260
3261 **PROCEDURE: ABILITY TO PAY, ADMISSION / READMISSION NON-HEARTS REIMBURSEMENT**
3262 **OFFICES**
3263

3264 **POLICY REMINDER:**

3265 An Ability to Pay (ATP) computation must be completed on every patient not covered by Medicaid. The
3266 ATP worksheet will be updated, a new ATP rate calculated, and a new agreement to pay processed when
3267 a client or responsible party’s financial status changes.
3268

3269 The Reimbursement Patient Relations Supervisor will sign (approve) all “rates to charge” as determined
3270 by the Reimbursement Patient Relations Representatives (RPRR), including “full charge” and “no
3271 charge”.

3272 .
3273 **PURPOSE:** This procedure is written to uphold provisions set forth in General Statutes 143-117.1 and
3274 143-118 and to provide an outline and tool for the documentation of ATP data:
3275

- 3276 A. The following steps are to be followed to determine the client’s and /or responsible party’s
3277 ATP rate.
- 3278
- 3279 B. The Reimbursement Patient Representative (RPRR) will conduct an initial financial
3280 interview within two (2) working days of the client’s admission with the client and / or
3281 responsible person. The RPRR will receive a copy of the identification / face-sheet from
3282 the Facility Admissions Office which contains basic information about the admission.
3283

3284 The RPRR should complete the ATP worksheet (see attachment) by documenting data on the worksheet
3285 as follows:

- 3286 Client’s Name: Enter exactly as on hospital records.
- 3287
- 3288 Case Number: Hospital number as indicated on the face-sheet.
3289

3290 **ANNUAL GROSS INCOME:**

3291 Enter a description of the source of earned income (i.e. waiter, construction worker, office manager,
3292 interest from savings account, etc.) and the total annual income (before taxes). DO NOT include “Fixed
3293 Monthly Incomes” such as Social Security, Veterans Administration, etc. Indicate the total amount of all
3294 taxable incomes on the “Total Annual Gross Income” line.
3295

3296 **HOMESTEAD:** Enter the description (i.e. house and lot) of the primary residence of the client and/or
3297 responsible party and enter the current tax value of the property. This information should be obtained (by
3298 telephone or letter) from the County Tax Supervisor’s office in the county where the property is located.
3299

3300 Enter a “Homestead Allowance” of \$30,000; subtract it from the tax value of the residence; and enter the
3301 difference on the “Net” line. Multiply the “Net” by 10% and enter this figure on the 10% line.
3302

3303 **OTHER ASSETS:** Enter a description of other assets (i.e. stocks, bonds, savings, other real property,
3304 money market accounts, certificates of deposit, etc.) on the description line and the value of the asset on
3305 the “Amount” line. Add the Amount column of the “other assets” and enter the total on the “Total Other
3306 Assets” line. Multiply the total by 10% and enter the result on the 10% line.
3307

3308 **SUB-TOTAL ITEMS 1, 2 and 3:** Add the totals of items 1, 2, and 3 and enter the result on the line
3309 provided for Item 4.
3310



3311 **EXPENSES:**

3312 Dependents - Enter the number of dependents (do not include client and spouse) in the first blank line

3313 under the word Dependents, multiply by the federal allowance (see attached Federal Tax Tables for

3314 "Dependents"), and enter the total on Line (a).

3315

3316 Standard Deduction - Select the appropriate standard deduction from the Federal Tax Tables and enter

3317 the figure on line (b).

3318

3319 Other Expenses - These should be individually described and subtotal figures (annual amounts) should

3320 be listed accordingly on the line provided. The "Total Other Expenses" is a total of the individual 'other

3321 expenses' and this figure should be entered on Line (c). "Other Expenses" could include, but not be

3322 limited to, medical expenses, life insurance premiums, dental (non-cosmetic) expenses, child support

3323 payments, government pay backs, etc.

3324

3325 **TOTAL EXPENSES:** Add the figures from lines (a), (b), and (c) in item 5 and enter this figure on the

3326 designated line.

3327

3328 **TOTAL ANNUAL ADJUSTED INCOME:** Subtract Line 6 (**TOTAL EXPENSES**) from Line 4 (**SUB-TOTAL**

3329 **ITEMS 1,2,3**) and enter the result on the line provided for "Total Annual Adjusted Income" (Line 7).

3330

3331 **FIXED INCOME:** Describe the type of Fixed Income (i.e. Social Security, VA, RR, etc.) the name of the

3332 responsible party (representative payee), the total amount of the monthly check, the amount that will be

3333 deposited monthly to the client's Personal Fund Account, and the remaining balance of the monthly

3334 check. Divide the "Balance" by 30 and enter the result on the line entitled "Rate".

3335

3336 **NOTES:** Client rehabilitation or on-campus wages should not be included as an income source.

3337

3338 If the facility is the representative payee of the fixed monthly income, do not include this "rate" in the

3339 overall ATP rate.

3340

3341 Sixty percent (60%) of the fixed monthly income is a guideline for the amount to enter in the "balance"

3342 column but the RPRR may increase or decrease the rate based upon the client's financial situation,

3343 obligations, and / or anticipated length of stay.

3344

3345 **PROVISIONAL RATE:** Add the "Rate" figures in lines 8 and 9 and round to the nearest dollar.

3346

3347 **RATE TO CHARGE:** This represents the amount that will be charged to the Guarantor. If the RPRR

3348 decides to adjust the "Rate to Charge", the RPRR must document the reason in the "Comments" section

3349 of the worksheet and the Reimbursement Patient Relations Supervisor must sign (approve) the change

3350 from the "Provisional Rate". This figure should also be rounded to the nearest dollar.

3351

3352 When the RPRR has determined an ATP rate, the **MEMORANDUM OF AGREEMENT (Attachment 9)**

3353 should be completed, explained to the client and/or responsible party, signature and date of the client or

3354 responsible party obtained, and presented to the Reimbursement Patient Relations Supervisor for review

3355 and signature (approval). ATP worksheets and Memorandums of Agreements must be signed and dated

3356 by the Patient Relations Supervisor.

3357

3358 The originals of the signed Memorandum of Agreement and APT worksheets should be retained in the

3359 Reimbursement Department files. A copy of the signed Memorandum of Agreement should be given to

3360 the client or responsible party.

3361

3362 If the client or responsible party refuses to sign the Memorandum of Agreement, the full daily rate should

3363 be charged.

3364



3365 Adjustments to client's "Patient Account" are the responsibility of the RPRR's. All ATP's, ATP changes,
3366 etc. should be communicated in writing to personnel responsible for posting charges and adjustments in
3367 order to create correct patient account balances and statements.
3368

3369 Annual ATP Reviews should be conducted for all ATP clients that have been hospitalized for at least one
3370 year. ATP rates should be adjusted according to the current financial situation of the clients, and the
3371 facility Reimbursement Patient Relations Supervisor is responsible for having a system in place that
3372 guarantees annual reviews and updates of ATP rates on all "long term" clients.
3373

3374 Important Reminder: ATP charges to parents of clients that are minors (under 18 years of age) should be
3375 reduced by 50% for the first 120 calendar days after admission and should not exceed the "reduced set
3376 rate" after 120 calendar days.



3377 **Ability To Pay Worksheet**
 3378 **Client Name** _____
 3379 **Case Number** _____

3380
 3381
 3382 **ANNUAL GROSS INCOME:**
 3383 **Description** **Amount**
 3384 _____
 3385 _____
 3386 _____
 3387

3388 **Total Annual Gross Income** _____

3389
 3390 **HOMESTEAD:**
 3391 **Description** **Amount**
 3392 _____
 3393 _____
 3394 _____
 3395 **Less Homestead Allowances** _____

3396 **Net** _____ **x 10 %** _____

3397
 3398
 3399 **OTHER ASSETS:**
 3400 **Description** **Amount**
 3401 _____
 3402 _____
 3403 _____
 3404 _____ **Total Other Assets** _____ **X 10%** _____
 3405

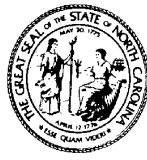
3406 **SUB-TOTAL ITEMS 1, 2 and 3** _____

3407
 3408 **EXPENSES:**
 3409 **Dependents: (includes blind, or aged 65 and over)**
 3410 No. _____ x Allowance _____ (a) _____
 3411 (b) _____

3412 **Standard Deduction:**
 3413 **Other Expenses:**
 3414 **Description** **Amount**
 3415 _____
 3416 _____
 3417 _____

3418
 3419 **Total Other Expenses** _____ (c) _____

3420 *Note: Actual printout may differ from what is seen here*
 3421 -



3422 **Sample Collection Letters - Attachment 11**

3423
3424 **Example Of Collection Letter For An Account That Is 1-30 Days Past Due:**

3425
3426 *Insert Date*

3427 *Insert Debtor's Name*

3428 Street Address

3429 City, State, Zip Code

3430
3431 Re: Account # _____

3432
3433 Dear _____:

3434
3435 The North Carolina General Assembly has defined in law (G.S. 147-86.23) that interest and penalties
3436 shall be charged on all past due accounts receivable from the due date until the date payment is made.
3437 This law requires State agencies to assess interest charges at a rate set by the Department of Revenue
3438 and impose a 10% penalty on all accounts owed. The attached invoice from the Department of Health
3439 and Human Services, Division of _____ indicates as of _____ your account,
3440 number _____, has a balance of \$ _____ that is now past due.

3441
3442 **Please pay the full balance of your account now. If you fail to remit the full amount within 30 days**
3443 **from the date of this notice, we will assess a 10% penalty on the principal owed to the State. In**
3444 **addition, we will assess interest on your account of 7% per year, or .58% monthly, until your**
3445 **account is paid in full.** Further, the Office of State Controller's Accounts Receivable policy requires the
3446 Department to refer accounts 60 days past due to a collection agency. We will forward your account to a
3447 collection agency for processing 60 days from the date of this transmittal.

3448
3449 If you have any questions regarding the above, please call _____ in the Accounts
3450 Receivable Section, at (919)_____.

3451
3452 Sincerely,

3453 *Name of Collector*
3454 DHHS Controller's Office
3455



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

Insert Date

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3485
3486
3487

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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3521
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3523
3524

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



3528 **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.



- 3580 J. Funds shall not be held on the unit in an amount greater than the amount to be issued to the
3581 patient before the next specified withdrawal period. Before requesting the next period's
3582 withdrawal for a patient, a review of funds on hand shall be made to determine that an excess of
3583 funds is not building up on the unit. All requests for withdrawal shall be in accordance with the
3584 treatment team's recommendations. To assure compliance, the initiating staff and the RN in
3585 Charge shall co-sign the Patient Money Withdrawal request. Any excess funds, or funds held for
3586 a discharged patient or a patient on leave, shall be returned to the Cashier's Office and credited
3587 to the patient's personal account.
3588
- 3589 K. The Cashier's Office is responsible for maintaining proper records (logs with signature of
3590 receiving person) of pre-numbered withdrawal requests and receipt books issued to the unit.
3591
- 3592 L. A periodic audit of the "Unit Cash Box" is to be performed by the Patients' Accounts
3593 Representative to insure proper accountability and compliance with regard to these guidelines for
3594 patient's personal accounts.
3595
- 3596 M. All cash funds shall be carried to the Cashier's Office and in no circumstances sent through the
3597 inter-office mail service.
3598
- 3599 N. Two training sessions will be held at least annually or more frequently if needed, for all nursing
3600 personnel managing patients' funds and possessions. The training will be conducted by the
3601 Budget Officer, the Patients' Accounts Representative and with assistance from the Director of
3602 Nursing and an Administrative Assistant. The training will involve discussion of this policy, II P-6
3603 (Patients' Personal Funds and Financial Records), policy II P-6-2 (After Hour Deposits) and policy
3604 II C-1 (Patients' Personal Clothing and Possessions).
3605
- 3606 II. Admissions and Internal Transfers
3607
- 3608 The Personal Belongings Record (available in Office Supply) will be utilized as the official receipt for
3609 admissions and transfers of patients between units. (See APM II. C-1 "Patients' Personal Clothing
3610 and Possessions").
3611
- 3612 III. Cashier's Office Receipts
3613
- 3614 A. Funds may be deposited in the Cashier's Office for patients' personal accounts Monday through
3615 Friday during the following hours: 0830 hrs - 1130 hrs; 1300 hrs - 1545 hrs
3616
- 3617 B. A pre-numbered receipt shall be issued by the Cashier for each patient's deposit with the
3618 following distribution of the four-part pre-numbered receipt:
3619
- 3620 1. Original copy of receipt to person depositing funds.
3621
 - 3622 2. First carbon copy to Patients' Accounts for verification of posting to the patient's personal
3623 account. First carbon copy is received in Patients' Accounts on the day following the actual
3624 receipt of funds at the Cashier's Office. To ensure that funds are posted to the Patients'
3625 Personal Funds Accounting System in a timely manner, all deposits of personal funds are
3626 communicated immediately from the Cashier's Office to Patients' Accounts. As a result,
3627 receipts are posted on the day that they actually occur.
3628
3629



- 3630 3. Second carbon copy retained in Cashier's Office in numerical sequence.
3631
3632 4. Third carbon copy to custodian of Unit Cash Box.
3633
3634 IV. Unit Receipts
3635
3636 A. Funds may be received on the unit on weekends or at times when the Cashier's Office is not
3637 open and the Cash Box Custodian is not on duty.
3638
3639 1. The Screening and Admissions staff or a designated unit employee will issue a pre-numbered
3640 receipt to the individual tendering the funds (Exhibit A). Distribution of the pre-numbered
3641 receipts will be as follows:
3642
3643 a. Original copy of receipt given to person tendering the funds.
3644
3645 b. First carbon copy of receipt, along with the funds, shall be deposited with the Cashier's
3646 Office. Cashier's Office will file these in numerical sequence.
3647
3648 c. Second carbon copy of receipt shall be retained on the unit in its receipt book. The receipt
3649 received from the Cashier's Office for deposit shall be attached to this copy as evidence
3650 that the funds were actually deposited.
3651
3652 2. In all units except Pre-Trial Evaluation, all funds receipted shall be placed in cash box and/or
3653 deposited to Cashier's Office. (See APM II. P-6-2 for after hour deposits to the Cashier's
3654 Office). Funds receipted in Pre-Trial Evaluation may be given directly to the patient, but must
3655 first be posted to the Unit Money Record Sheet. The Unit Money Record Sheet must be
3656 maintained with all receipts and withdrawals at all times for the protection of both the patient
3657 and the Hospital. Patients and or two staff (one being the Nurse in Charge) must sign the
3658 Unit Money Record Sheet when disbursing funds to patients in this manner.
3659
3660 3. At the request of family, or at the discretion of unit personnel, funds may be deposited to the
3661 cash box utilizing the Unit Money Record Sheet, but not in excess of the patient's weekly
3662 requirements. Funds in excess of the patient's weekly allowance shall be deposited with the
3663 Cashier's Office. A pre-numbered receipt shall be issued reflecting the total amount received,
3664 the amount deposited to the cash box and the net amount for deposit to the patient's personal
3665 account if applicable.
3666
3667 EXAMPLE: Family visits patient on weekend and leaves \$25.00 for the patient. Patient has
3668 \$5.00 at the time but will need an additional \$5.00 before next weekly withdrawal. Pre-
3669 numbered receipt will be issued to the family showing \$25.00 as total amount received. The
3670 Cash Box Custodian will complete the transaction on the next working shift by indicating on
3671 the receipt \$5.00 deposited to the cash box with the remaining \$20.00 listed as a net deposit
3672 to the credit of the patient's personal account. In order to complete the transaction and for
3673 the protection of the employee and the institution, a Unit Money Record Sheet (Exhibit B)
3674 shall be completed to indicate receipt of these funds by the patient signing his name or two
3675 staff (one being the Nurse in Charge).
3676
3677 4. All receipts shall be issued and maintained in numerical sequence.
3678
3679 5. Should it be necessary to void a receipt, it shall be so marked retaining all copies in the
3680 book and in the same numerical order.
3681
3682



- 3683 B. Funds may be received through the mail for deposit to a patient's personal account. These receipts
3684 should be handled in the same manner as outlined in Section IV. A, with the following additional
3685 instructions:
3686
3687 1. Original copy of receipt to be discarded.
3688
3689 2. Under explanation write: "Received by mail".
3690
3691 C. Administrative Assistants or their designee, being someone independent of the cash receipts
3692 process, shall on a periodic basis perpetually reconcile/trace the pre-numbered receipts to the
3693 Cashier's Office records and to the Unit Money Record Sheet maintained in the "Cash Box". This
3694 will assure that all receipts have been appropriately recorded in the patients' accounting records.
3695

3696 Cash Box Custodians

- 3697
3698 A. In situations where it is necessary for funds to be held on the unit and issued on a daily basis to
3699 the patient, a designated employee and alternate shall be assigned responsibility for these funds.
3700
3701 B. There shall be two (2) keys to the ward cash box: one key for the custodian and the other key in
3702 possession of the Unit Nurse Manager or Administrative Assistant for emergency access.
3703 Written notification shall be given to the Patient's Accounts Representative as to who has the
3704 second key.
3705
3706 C. No other funds may be held in the Cash Box with patients' personal funds. (I.e. postage or staff
3707 personal funds)
3708
3709 D. When there is a change from custodian to alternate, there will be a count of funds, reconciling the
3710 money with the Unit Money Record Sheets.
3711
3712 1. A signature record sheet shall be used to indicate transfer of funds between custodians.
3713
3714 2. An appropriate entry shall be made on the signature record sheet to show the actual cash
3715 count and the fact that it agrees with the sum total of all balances on the Unit Money Record
3716 Sheets.
3717
3718 3. This procedure will also be followed if custody is transferred between work shifts.
3719
3720 E. The Unit Nurse Manager or Administrative Assistant may appoint a temporary custodian in the
3721 event of an unplanned absence of both the regular custodian and alternate.
3722
3723 1. When a temporary custodian is appointed, the Unit Nurse Manager or Administrative
3724 Assistant shall open the Unit Cash Box and have the funds counted and checked with the
3725 Unit Money Record Sheets as described above for changes between custodians.
3726
3727 2. An appropriate entry shall be made in the signature record book to show the actual cash
3728 count and the fact that it agrees with the sum total of all balances on the Unit Money Record
3729 Sheets. This entry shall be signed by both the temporary custodian and Unit Nurse Manager
3730 or Administrative Assistant.
3731
3732 3. After verification is completed, the Unit Nurse Manager or Administrative Assistant shall turn
3733 his/her key over to the temporary custodian until funds are transferred back to the normal
3734 custodian.
3735
3736



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- F. Any difference between the actual cash count from the cash box and the sum total of all balances on the Unit Money Record Sheets should be documented and brought to the attention of the Administrative Assistant. If these funds cannot be reconciled, this discrepancy should be called to the attention of the Patient Accounts Representative for audit.
 - G. The general policy is that unit staff shall issue money to patients only during Monday-Friday from 0800 hrs to 1700 hrs. Units may vary this based upon their specific requirements. It is also recommended that a specific time be designated for issuing funds to patients when possible to conserve time and effort.
- VI. Unit Cash Box and Unit Money Record Sheet
- A. The Unit Money Record Sheet (Exhibit B) is to be used in all situations where funds are received or disbursed from the Unit Cash Box.
 - B. These funds must be placed in the locked Unit Cash Box which is stored in a locked space.
 - C. The sum total of all balances on the patient's Unit Money Record Sheets is to agree with the total cash in the Unit Cash Box at all times.
 - D. Receipt of Funds:
 - 1. Record date received.
 - 2. Record receipt number from patient's withdrawal form or number from unit receipt based on source of funds.
 - 3. Record amount received.
 - 4. Update balance of funds.
 - 5. No signature is required for recording receipts to this form since one was obtained previously in the actual receipting process.
 - E. Withdrawal of Funds:
 - 1. Record date withdrawn.
 - 2. Record amount withdrawn.
 - 3. Update balance of funds.
 - 4. Patients who are capable of signing their names are to indicate receipt of funds by signing on the same line adjacent to the amount withdrawn in the space provided. If the patient is unable to sign his name, then two employees (one being the RN in Charge) shall sign to indicate that the patient actually received the funds. Printed staff names are not acceptable.
 - 5. Purchases made for patients by staff members must be itemized (i.e., coke \$0.60; candy \$0.45; nabs \$0.45, etc.)



- 3788 F. The Unit Money Record Sheets are permanent records and shall be retained by the unit for 7
3789 years.
3790
- 3791 G. When patients are transferred from one unit to another, the transferring staff will co-sign the Unit
3792 Money Record Sheet with the receiving staff at the time of the transfer of funds. The existing Unit
3793 Money Record Sheet will be retained by the transferring unit and a new Unit Money Record Sheet
3794 will be established on the receiving unit.
3795
- 3796 H. The Unit Money Record Sheets are available from Office Supply in the Main Warehouse.
3797
- 3798 I. Each unit shall, at the end of each month, report in writing to Patients' Accounts no later than the
3799 third day of the following month the following:
3800
- 3801 1. The total balance of Unit Money Record Sheets;
 - 3802 2. The cash balance held in the Unit Cash Box; and
 - 3803 3. The difference between 1 and 2 above if any.
3804

3805 This report shall be signed by the Cash Box Custodian and co-signed by the Unit Nurse Manager
3806 or Administrative Assistant. Patients' Accounts shall investigate any differences and report to the
3807 Hospital Business Manager the results of the investigation.
3808

- 3809 J. **If an overage occurs in the reconciliation of patients' personal funds, these funds should**
3810 **be escheated if the owner is not identified within five years from the date the overage is**
3811 **identified. Any cash shortages should be replaced by a budgeted transfer from the**
3812 **General Fund.**
3813

3814 VII. Weekly Withdrawals
3815

- 3816 A. The weekly allowance shall be used to enable the patient to have spending money for snacks,
3817 cigarettes, drinks, etc. Normally, the weekly allowance shall be used only for purchases that can
3818 be made on the hospital grounds.
3819
- 3820 B. A designated unit employee will be responsible for initiating a pre-numbered request form for
3821 withdrawal of funds from a patient's personal account (Exhibit C). All amounts entered on this
3822 request form shall be written in dollars and cents (i.e. \$10.00, rather than \$10). This request shall
3823 be co-signed by the Unit Nurse Manager in order to assure that withdrawals are in accordance
3824 with treatment team recommendations.
3825
- 3826 C. The maximum amount that a patient may have on the unit shall be established by each Program.
3827 Withdrawals may not exceed this established amount in any particular one-week without special
3828 authorization as provided in Section VIII. Division Nurse Managers or Administrative Assistants
3829 are responsible for informing Patients' Accounts of the maximum amount established for the
3830 Program. If it is determined by the program that the amount of the weekly allowance is
3831 insufficient for that particular program, the weekly allowance amount may be changed. Patients'
3832 Accounts must be notified of this change.
3833
- 3834 D. A weekly listing of all patients' personal fund balances from the Patient Personal Funds
3835 Accounting System is sent to all units to assist unit staff in determining the available funds for
3836 each patient. This listing should be utilized by unit staff to determine balance information.
3837 Designated unit staff must assure all withdrawals are listed weekly.
3838
3839



- 3840 F. Distribution of the pre-numbered withdrawal requests will be as follows:
3841
3842 1. Original, first and second copies of withdrawal requests are submitted to the Patients'
3843 Accounts to determine that sufficient funds are on deposit in patients' personal accounts to
3844 cover the withdrawal request. Should there not be sufficient funds, a single line shall be
3845 marked through the requested amount, and the amount available for withdrawal is to be put
3846 on the same line above the amount marked through, and the person making the change shall
3847 put their initials in the column "changed by" opposite the changed amount.
3848
3849 2. Third carbon copy of withdrawal request is maintained on the unit. This copy should be used
3850 for reference purposes if there are questions on the unit about withdrawal amounts and/or
3851 dates, thereby reducing the need to contact Patients' Accounts with such questions.
3852
3853 G. The original and first carbon copies of the withdrawal request are submitted to the Cashier's
3854 Office after having been verified and signed by Patients' Accounts. The second carbon copy of
3855 the withdrawal request is maintained by Patients' Accounts for balancing purposes.
3856
3857 H. At the end of the day the Patients' Accounts and the Cashier's Office reconcile the sum total of all
3858 patients' withdrawals and the Budget Office prepares a check in this amount and exchanges it
3859 with the Cashier's Office to reimburse the imprest cash account for funds used filling patients'
3860 cash withdrawals.
3861
3862 I. Cashier's Office prepares and signs cash withdrawal for respective units, which are picked up by,
3863 designated unit employees at a specified time or delivered by courier. (See APM II P-6-1 for
3864 delivery of funds by Mail Courier).
3865
3866 1. Unit employee signs both original and first carbon copy of withdrawal request at the time cash
3867 is received from the cashier or Courier.
3868
3869 2. Original copy of withdrawal form is taken to unit and matched with the third copy to serve as
3870 basis for distribution of the cash. All entries and signatures made on the original copy shall
3871 also be made on third copy, which will be retained, as a unit record. First carbon copy of the
3872 withdrawal request is retained by Cashier.
3873
3874 J. Designated unit employee distributes cash in the presence of the RN in Charge to appropriate
3875 patients in accordance with amounts reflected on the original copy of the withdrawal request.
3876
3877 K. Patients who are capable of signing their names are to indicate receipt of funds by signing the
3878 original copy of the withdrawal request. In the case of patients who are unable to sign their
3879 names, two unit employees, one being the RN in Charge, should sign the withdrawal request
3880 indicating that the appropriate patient actually received the funds. Printed signatures are
3881 unacceptable.
3882
3883 L. When patients' funds are to be held in the Unit Cash Box for later distribution to the patient, the
3884 designated employee shall enter on original copy of the withdrawal request in the column titled
3885 "Received by", the words, "To Cash Box" and sign his name. The RN in Charge shall co-sign. A
3886 Unit Money Record Sheet shall then be updated reflecting the funds held in the Unit Cash Box for
3887 the patient.
3888
3889



3890 M. After all funds have been distributed to appropriate patients, or placed in cash box as described
3891 in paragraph L above, the original copy of withdrawal form shall be returned to Patients' Accounts
3892 for attachment to the second carbon copy of the withdrawal request. If original copy is not
3893 returned to Patients' Accounts prior to or along with the next week's withdrawal request, the
3894 withdrawal request will not be honored. Any undistributed cash shall be deposited in the
3895 Cashier's Office.

3896
3897 N. Any change in the amount requested on the Patients' Money Withdrawal Form whether by unit
3898 personnel, Patients' Accounts, etc. shall be initialed by the person making the change in the
3899 column marked "Changed By".
3900

3901 VIII. Withdrawals - Special
3902

3903 A. The same withdrawal form will be used for special withdrawals. Each patient request shall be on
3904 a separate request form and checked in the appropriate place to indicate a "Special Withdrawal".
3905 An explanation should be written below the patient's name giving sufficient explanation as to how
3906 the funds are to be used.
3907

3908 NOTE: The explanation shall be specific as to why and how the funds requested are to be spent.
3909 General explanations such as "personal use", "outing", or for things normally covered by
3910 the weekly request are not adequate explanations.
3911

3912 If patients are able to manage their own funds, a statement to this effect must be written on the
3913 request and signed by the Treatment Team Leader or the Unit Nurse Manager. In addition, the
3914 "Patient Waiver of Responsibility Form" should be signed by the patient and a copy retained in
3915 the patients' record and a copy forwarded to the Patients' Accounts Representative. This waiver
3916 states that patients are aware of their responsibility for their own funds of an amount up to
3917 \$250.00 without saving receipts or sending them to Patients' Accounts. When patients request
3918 an amount of \$250.00 or more, they will be given a receipt envelope by the Cashier's Office. The
3919 patient shall be responsible for saving the receipts at the time of purchase and submitting them in
3920 the envelope to staff. Staff will then fill out the envelope reviewing the receipts and purchases.
3921 The patient will sign the envelope on the line requesting "Shopper's Signature." The staff
3922 reviewing the receipts and purchases will sign on the line "Signature of Staff Verifying
3923 Purchases". The receipt envelope will then be sent to the Patients' Accounts Office. If a patient
3924 fails to return these receipts, the privilege and freedom of spending amounts in excess or \$250.00
3925 may be restricted by the Treatment Team. The following conditions must be met in order for a
3926 patient to be exempt from maintaining receipts for funds under \$250.00:
3927

- 3928 - The Treatment Team allows the patient to leave campus on their own or with family.
- 3929 - The Treatment Team allows the patient to manage their own funds.
- 3930 - No staff member is involved in the spending process.
- 3931 - The patient has signed the "Patient Waiver of Responsibility Form" and the form has been
3932 submitted to the Patients' Accounts Office prior to any withdrawals based on these conditions.
- 3933 - The patient has signed the white copy of the withdrawal form in the appropriate place to
3934 indicate receipt of the funds.

3935
3936 In all cases when the hospital is the representative payee for a patient's funds, the patient is
3937 considered incapable of managing his/her own funds. If the patient is considered incapable of
3938 managing his/her own funds, then funds shall not be distributed to the patient or patient's family,
3939 but shall remain in the custody of the shopping employee at all times. Even if the patient is
3940 making purchase selections, the actual exchange of cash for goods will be performed by the
3941 employee.
3942
3943



- 3944 B. Special withdrawals should list only one patient per form. Adherence to this policy is required to
3945 provide adequate documentation for protection of the Hospital and safeguarding of patients'
3946 funds. The only exceptions to this policy will be for the types of group purchases allowed by the
3947 Social Security Administration, wherein a group of patients may pool funds to purchase a large
3948 item, such as a television. Since the Hospital typically funds these types of purchases, group
3949 purchases will be rare. Requests for special withdrawals on which more than one patient is listed
3950 will be returned to the unit by Patients' Accounts, unless it is for an authorized group purchase.
3951
- 3952 C. An envelope will be handed out by Patients' Accounts at the time the special request is approved.
3953 Receipts are required to be maintained and submitted in the envelope provided for all special
3954 withdrawal requests except as above noted. Receipts shall show the following information: place
3955 of purchase, date of purchase, and an itemization of items purchased including quantity and the
3956 cost. Hand-written receipts, or receipts without store name are not acceptable. Memos indicating
3957 that the receipt has been lost are also not acceptable. The envelope is self-explanatory and is
3958 designed to account for the total funds withdrawn. The envelope shall be signed by the individual
3959 doing the shopping and also be signed by the RN in Charge who shall verify all purchases
3960 against receipts. The envelope shall be returned to Patients' Accounts for attachment to the
3961 original copy of the withdrawal form. The envelope containing the receipts shall be returned to
3962 the Patients' Accounts Office within five (5) business days. Should envelopes and receipts not be
3963 submitted within five (5) business days, Patients' Accounts shall notify the Unit Nurse Manager
3964 and/or the Administrative Assistant.
3965
- 3966 D. **In all instances where hospital staff are involved in handling patients' money, RECEIPTS**
3967 **ARE MANDATORY.** Failure of staff to return receipts to the Patients' Accounts Representative
3968 will automatically result in a request for investigation to the Unit Nurse Manager and the
3969 Administrative Assistant. **All expenditures of patients' funds by hospital staff shall be**
3970 **accounted for by a supervisor.** The Patients' Accounts Representative shall report all receipt
3971 discrepancies not resolved in a timely manner to the Hospital Business Manager. Appropriate
3972 disciplinary or legal action will be taken with any employee who is found to have misused
3973 patients' funds.
3974
- 3975 E. Any funds remaining after shopping are to be re-deposited at the Cashier's Office and under no
3976 circumstances returned to the patient. This requirement is necessary to provide safeguarding
3977 and documentation for the entire amount initially withdrawn for shopping.
3978
- 3979 F. If the items purchased by patient and/or Hospital staff are to be kept on hand at the hospital,
3980 these must be managed subject to the requirements of the "Personal Clothing and Possessions
3981 Policy A.P.M. No. II C-1. The Nurse in Charge must assure that items not placed in Unit Locked
3982 Storage are given to patients by the shopping staff and appropriately note this event in the
3983 patient's record.
3984
- 3985 G. If funds are not picked up by the unit within two (2) business days after submission of the
3986 withdrawal request, the Cashier's Office will re-deposit the funds, note the Cashier's Office receipt
3987 number on the withdrawal request, retain the first carbon copy and forward the original copy to
3988 Patients' Accounts, attached to the first carbon copy of the withdrawal request. The Cashier will
3989 forward to the unit a copy of the Cashier's Office receipts after funds are re-deposited.
3990
- 3991 H. The amount being requested shall be written out (as on the second line of a check) either below
3992 the figure amount or on the bottom line to preclude alteration of the numerical amount.
3993



- 3994 IX. Discharges/External Transfers/Financial Records Clearance
3995
3996 A. The following policies are to be part of the overall discharge procedure for patients being released
3997 and apply to external transfers, trial visits and temporary visits (where applicable), as well as
3998 direct discharges.
3999
4000 B. If possible, all personal funds and belongings shall be given to the patient and/or sent with him
4001 when he is released or transferred (see paragraphs C & D below for variations to this policy
4002 regarding temporary visits and after hours, weekends, and holiday discharges). This policy is to
4003 be accomplished by unit personnel in the following manner.
4004
4005 1. Check the Unit Locked Storage for any personal belongings being held for the patient.
4006
4007 2. Check with Patients' Accounts to determine if patient has any remaining balance in his
4008 personal account and if any belongings are being held in the Cashier's Office. Advance
4009 notification of discharge to Patients' Accounts will facilitate the disbursement of personal
4010 funds at the actual time of discharge.
4011
4012 3. If a patient has funds or personal belongings, the Form for the Release of Patients' Personal
4013 Funds and/or Belongings (see Exhibit D) should be completed to notify Patients' Accounts
4014 and the Cashier's Office that the patient is being released. Patients' Accounts will not
4015 authorize disbursement of funds for a discharged patient before receiving a copy of this form.
4016 Spoken communication from the unit staff to Patients' Accounts regarding the discharge is
4017 not acceptable. This control is necessary to ensure that funds are not disbursed in error. A
4018 minimum of a one-day prior notice is required for the patient's funds to be available at the
4019 Cashier's Office at the time of discharge.
4020
4021 4. The regular withdrawal form should be submitted with "Special Withdrawal" checked if the
4022 patient desires to withdraw all or a portion of his personal funds in cash. Under normal
4023 circumstances, only \$100 maximum in cash may be issued with balance in check.
4024 Exceptions may be allowed based on advance notification and approval, and dependent
4025 upon the cash availability in the Cashier's Office.
4026
4027 C. The overall policy under paragraph B above is handled somewhat differently for temporary visits
4028 in that only the funds and personal belongings on the unit are given to the patient at the time of
4029 the visit; i.e., his other personal funds and belongings remain in safekeeping in the Cashier's
4030 Office and Unit Locked Storage. In the event the patient is discharged from a temporary visit, the
4031 balance of the patient's personal funds and belongings will automatically be forwarded to the
4032 patient upon receipt of the Form for the Release of Patients' Personal Funds and/or Belongings.
4033
4034 D. If discharge occurs after hours, weekends or holidays when the Business Offices are closed,
4035 there are special arrangements which can be made to enable the patient to receive his/her funds
4036 and personal belongings from the Information Desk at time of discharge. These arrangements
4037 will relieve the unit of the responsibility of keeping relatively large sums of money and personal
4038 belongings on the unit until the after hours, weekend or holiday discharge.
4039
4040



4041 To request these special arrangements, check the appropriate block on the Discharge form for
4042 the Release of Patient's Personal Funds and/or Belongings and forward to Patients' Accounts.
4043 The Cashier's Office will deliver the funds and personal items to the Information Desk prior to the
4044 end of the day for pick up when the patient is released "after hours". In the event that prior
4045 arrangements cannot be made for after hours, weekend or holiday discharges, then Patients'
4046 Accounts should be notified the following workday in order that the patient may be sent his/her
4047 personal belongings and the remaining balance in their personal account. However, funds will
4048 not be disbursed by Patients' Accounts prior to receipt of the Form for the Release of Patients'
4049 Personal Funds and/or Belongings.

4050
4051 E. For discharge or for transfer of a patient to another hospital, center or institution, Patients'
4052 Accounts should be notified three (3) days in advance in order that the patients' financial records
4053 may be updated as of the date of the transfer or discharge. This procedure is not applicable to
4054 visiting patients to the Medical Surgical Unit.

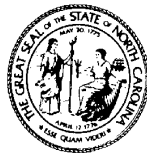
4055
4056
4057
4058

4059 _____
Michael S. Pedneau, Hospital Director

4059 _____
Date

4060
4061 Attachments

4062
4063 SOR: Management Support Services



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

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



4170 aggregate amount of state funds received by the Special Appropriations recipient. A copy of these
4171 requirements is also provided for your reference and should be included in your notification transmittal to
4172 recipients.

4173

4174 **Program Reporting and Monitoring**

4175 The requirements for program reporting and monitoring for the division/Department as well as for various
4176 state management agencies are spelled out in 09 NCAC 03M. 0704. Please read this section of the
4177 administrative code carefully. Agencies are charged with ensuring oversight and monitoring of grantees
4178 and sub grantees to prevent misuse of State funds and to assure compliance with applicable
4179 requirements and performance expectations.

4180



4181 **DHHS Cash Management Plan Responsibilities Matrix Supplement - Sample Forms and**
4182 **Instructions - Attachment 16**
4183

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

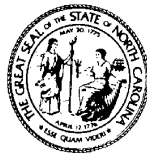
DHHS Policy - Who is required to complete the Matrix Forms:

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.



4185

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.				

4186



4187

Division/Institution:	Location/Unit A		Location/Unit B	
Section:				
Branch:	Primary	Backup	Primary	Backup
Accounts Receivable/Billing Matrix	Position No	Position No	Position No	Position No
Excel 7.0 users may select 'View/ Comments' to view instructions for completion of this form.				
Billing/Notice to Debtor				
Prepares bills/invoices/debt notifications				
Sends out dunning notices				
Notifies counties of amount to be drafted				
Assures that patients are billed monthly.				
Assures that third party insurance is billed monthly.				
Collection Process				
Computes/charges interest on past due accounts.				
Computes/assesses penalty on past due accounts.				
Prepares 30 & 60 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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4197 **Wake County District Attorney's Worthless Check Deferred Prosecution Program -**
4198 **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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4217 **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.

4221 **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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4233 **SCHEDULE**

4234 A Coordinator for the Worthless Check Unit will travel to the county four mornings a week to collect
4235 applications. Applications will also be accepted from 1:00 to 3:00 pm every afternoon in Room 902 of the
4236 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

4237 **QUESTIONS**
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4239 If you should have any questions or comments, please call either Donna Moye or Tami Daull at (919-792-
4240 5077) or email: Donna.L.Moye@nccourts.org. They are the coordinators for the Wake County District
4241 Attorney’s Worthless Check Deferred Prosecution Unit and will be happy to assist you with your
4242 application.

4243 The street address is:
4244 **Wake County Courthouse**
4245 **Ninth Floor, Rooms 902 and 906**

4246 The mailing address is:
4247 **Wake County District Attorney’s Office**
4248 **Attn: Donna Moye**
4249 **P.O. Box 31**
4250 **Raleigh, NC 27602-0031**



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Approved Requests for Exception of Cash Management Plan Policy Forms

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

DHHS Cash Management Plan Approval Signatures

<u>{Signed} Carmen Hooker Odom</u>	<u>3/31/06</u>
(DHHS Secretary)	(Date)
<u>{Signed} Laketha M. Miller</u>	<u>3/31/06</u>
(DHHS Controller)	(Date)
<u>{Signed} Robert L. Powell</u>	<u>6/21/06</u>
(State Controller)	(Date)