



## Disability Housing and Community Services

### Management of Client Funds

### Guidelines

**Subject: Guidelines for the Management of Clients' Funds for government funded organisations providing disability support services.**

**Policy Number: P2010/1092-001**

**Related Legislation, DHHS, Divisional, Disability and Community Services Policies, Standards & References:**

- Tasmanian *Disability Services Act 2011* (TAS)
- Tasmanian *Guardianship and Administration Act 1996*
- Commonwealth *Social Security (Administration) Act 1999*

**This policy replaces existing policy:**

Yes  No  (Please tick box)

If **Yes** Policy Number/s are: DS 026

**Date of Effect:**

**Date of Review:**

**Signature:**

**Date: 2 April 2012**

**Ingrid Ganley  
Director  
Disability and Community Services  
Disability, Housing and Community Services**

# Contents

- 1) **PURPOSE.....3**
- 2) **PRINCIPLES.....3**
- 3) **GUIDELINES.....5**
  - 3.1 Overview (Residential Services).....5**
  - 3.2 Individual Client Accounts .....6**
  - 3.3 Payments, Incidental Spending Money and Withdrawals.....7**
  - 3.4 Roles and Responsibilities.....8**

## **I PURPOSE**

One of the areas where people with disability are most vulnerable to abuse in funded services is with respect to the management of their finances by staff members of organisations.

The purpose of these Guidelines is to make organisations aware that:

- 1) ***Regardless of any accountability and transparency processes put in place for managing clients' funds, the fundamental issue for organisations is to ensure that they have the legal authority to manage client's funds.***

A client's funds cannot be legally managed by another person unless:

- the client has competently assigned management to that person
  - an order has been made by the Courts or the Guardianship and Administration Board
  - the person has been appointed as a Centrelink nominee under the Commonwealth *Social Security (Administration) Act 1999*, which allows the person to receive social security payments on behalf of another.
- 2) The moment a staff member becomes involved in managing a client's finances on an informal basis, that staff member is legally considered to be a 'bare trustee' and accountable to the Supreme Court for the management of the funds.

It would therefore be preferable for a senior staff member to be lawfully appointed to manage the clients' finances rather than a situation where clients have their funds managed under informal arrangements monitored internally by staff that have no ultimate authority to do so.

## **2 PRINCIPLES**

- 1) **Clients should manage their own funds wherever possible**

Staff should not manage or make decisions regarding clients' funds if clients are capable of doing so themselves.

In such instances staff should only fulfil an advisory role. They may give advice about how to better manage funds or how to receive better value.

Where clients are unable to manage their own money, staff should explore the possibility of assisting clients to develop the necessary skills as part of maximising clients' independence.

**2) Staff managing clients' funds must be responsible for their actions**

Regardless of the assistance staff may give clients in the management of their funds, the moment they are involved with monetary transactions with or on behalf of clients, they are obliged to maintain appropriate records.

Appropriate records will safeguard clients from being exploited and staff from allegations of financial mismanagement.

**3) Appropriate checks and balances must be kept in all money management systems**

All staff involved in managing clients' funds must have another staff member check their records on a regular basis.

The checking process should be a formal procedure and involve discussions about resident income, accounts, withdrawals and purchases made by clients or on behalf of them.

The formal checking process should include the examination of receipts and regular formal audits of clients' accounts (to be carried out at least monthly or more frequently if required).

**4) Clients who rely on staff for managing their money must have an account with a savings institution that records all transactions.**

It is important that all withdrawal and deposit transactions from clients' accounts are recorded. The names of the authorising officers must also be recorded. This will ensure that the money management system is accountable and the auditing of clients' accounts is a clear and simple procedure.

**5) Clients' funds held on site should be kept in a secure location.**

The amount of cash funds held should be kept as small as practicable to minimise the impact on clients if such funds are lost or stolen.

Staff have the responsibility to ensure that all funds are kept in a secure area, and that all expenditure is recorded and verified on a regular basis.

- 6) A staff member who was not involved in the transactions must verify that clients have received the goods and services that have been purchased.**

Clients are entitled to receive value for money for the goods and services that they purchase or which are purchased on their behalf.

A procedure for checking the value of purchases will ensure staff are vigilant about the prices paid by clients and deter anyone from substituting less valuable goods and services.

(It is also important that as a follow up to purchases, an inventory of significant goods belonging to clients is maintained to ensure clients have ongoing access to the goods and for insurance purposes).

- 7) Staff cannot accrue benefits for themselves from managing clients' funds.**

Staff must not take advantage of their position of trust to gain financial or other benefits for themselves including the selling of goods to clients. They must reject any offer of cheaper goods and services for themselves from shops and businesses, in return for purchasing items for clients from specific outlets.

This rule also applies to all current and future customer attraction and loyalty schemes. Staff cannot accrue customer loyalty benefits which rightly belong to clients.

- 8) Family members or advocates must be involved in decisions concerning the expenditure or investment of significant amounts of clients' funds.**

Decisions concerning the investment or expenditure of significant funds belonging to clients should not be made independently by staff. Family members, advocates or the Guardianship Board must be involved.

### **3 Guidelines:**

#### **3.1 Overview (Residential Services)**

The financial management strategy adopted by residential organisations, for premises for which they are the landlord or master tenant, requires that clear and transparent guidelines are in place covering the processes

for paying bills for all household and common expenses including food, telephones, electricity, rent etc.

On receiving their pensions, clients should pay the organisation either according to a set formula or for the actual cost of goods and services received. Personal expenses must be managed through individual client accounts, and individual spending money held on premises should be managed in accordance with the Principles outlined above.

Funds held on premises should be kept to a minimum, so the financial impact on clients and the organisation, if such funds are lost or stolen will not be significant.

### **3.2 Individual Client's Accounts**

All adult clients, wherever possible, should have an account in a financial institution held in their own name. The account should be the means through which clients receive their income, including pensions, gifts etc; and through which all significant payments are transacted.

All accounts, which have staff involvement, should require at least two approved signatures for any withdrawal of funds. All client expenses should require written receipts. It is the responsibility of senior staff to ensure that all receipts are available for checking.

Clients' funds which are managed by staff members should be checked at least monthly, by an independent staff member (i.e. a staff member who was not involved in the transactions). Debits, withdrawals and expenditure should be checked against receipts. Spot-check audits should be performed by an independent staff member, or other nominated employee at least annually or more frequently if required.

Monthly financial reports should be prepared on all clients' funds and financial transactions, for the information of the appropriate manager, and/or other senior staff.

Clients' finances in which staff members have an involvement should be managed through passbook accounts. There should not be any access to these accounts through credit cards, other plastic account identification cards, or automatic teller machines.

Where possible a system of direct debits should be implemented for all individual clients' accounts.

Clients' cash funds and bank-books, where possible, should be held by the clients themselves. Where this is not possible, they should be stored in a safe place by the Manager of the residence. The storage place of all

clients funds and bank-books, are to be known and readily accessible to other senior staff. The items are not to be kept, left or stored anywhere except in the stated location.

Changes in signatories to individual client's accounts need to be made as soon as a present signatory ceases in their current role. Copies of completed 'Change of Signatory Forms' are to be checked by an independent staff member before they are lodged with the financial institution.

Any discrepancies in these procedures, clients' accounts or moneys are to be brought to the attention of the appropriate Manager, as soon as possible after their discovery.

### **3.3 Payments, Incidental Spending Money and Withdrawals**

On receiving their pensions, clients should be required to pay the organisation for all bills and payments made on their behalf. Clients should be charged for items according to established and agreed formulas or other arrangements:

For instance:

#### **Rent, electricity, telephone, vehicle costs, food and groceries:**

May be charged by the total bill divided by the number of clients unless there are unusual circumstances and alternate arrangements have been approved by the Manager.

#### **Personal Services and Individual Items**

Personal services and items such as medical bills, medications, Community Access services charges, special soaps, shampoos, perfume etc may be paid for directly by individual clients, unless otherwise agreed in writing by the Manager.

#### **Home Maintenance and other Items**

Purchases of significant items in common such as, sound systems, fridge, TV etc, should be discussed with clients, families and advocates, and approved by the organisations relevant Manager before commencing the purchasing process. Issues of ownership maintenance, operations and risks need to be resolved.

Purchases and maintenance bills should be paid by clients unless otherwise agreed by the Manager.

#### **Incidental Spending Money for Clients**

This should be determined on a case-by-case basis. As a general rule, the amount of individual client funds held on site should be kept to a minimum.

**Signatories to individual client's accounts**

Must satisfy themselves that requests for the withdrawal of funds are for genuine purposes and for the benefit of the client concerned. Where possible such requests should be in writing from the staff making the request.

**Signatories must not sign blank withdrawal forms.**

Any discrepancies in procedures should be brought to the attention of the appropriate Manager/s as soon as possible.

**3.4 Roles and Responsibilities**

Usually staff members perform various roles in assisting clients to manage their funds. These may be broadly divided into directly assisting clients with budgeting and purchasing goods and services, and monitoring client's funds and keeping the system accountable.

Listed below are some of the key roles staff may perform in the money management system for clients:

**I) Staff directly involved in managing client funds:**

- Assisting clients with budgeting and the purchase of goods and services. Ensuring that as far as possible clients get value for money and that they are not taken advantage of.
- Requesting the withdrawal of funds for incidental expenses and specific purchases, and compiling receipts for purchases made by clients.
- Checking funds kept on site and ensuring the safe storage of such funds.
- Reporting to the relevant Manager/s any discrepancies and, unusual bank withdrawals or expenditure.
- Establishing and closing bank accounts for clients, and assisting with their banking and payment of bills.
- Being a signatory to clients' accounts and recommending cash withdrawals in excess of the stated limit.

- Ensuring appropriate amounts of incidental spending money for clients.
- Ensuring funds and receipts are held securely on premises, and are readily accessible for regular and spot audits.

## **2) Staff involved in monitoring client funds**

- Undertaking regular (at least monthly) audits of clients' funds.
- Monitoring money management systems on sites and ensuring that the processes are accountable.
- Providing families and guardians with reports about clients' funds on an as required basis.
- Reporting to the relevant Manager/s, any discrepancies or deficiencies in the money management system.
- Checking clients' income against their entitlements.
- Checking that clients' incomes and gifts are deposited in the correct accounts.
- Checking the appropriateness of charges levied by the organisation against clients.
- Checking deposits and withdrawals from clients' accounts against funds received and payments made.
- Checking payments made and goods and services purchased against receipts.
- Checking the appropriateness of signatories of clients' accounts.
- Preparing for the Manager/s, monthly reports of all audits performed.
- Preparing financial statements on an as required basis.

- Collating and storing all current and previous checked and audited accounts.