



Administrative Policies and Procedures: 3.17

Subject:	Youth Development Center Trust Fund Accounts
Authority:	TCA 37-5-105(3), 37-5-106, 41-6-105 -106; 41-21-216 (a)(b); 41-21-217
Standards:	COA: PA-JJR 10.03; ACA: 4-JCF-3A-13, 4-JCF-3E-01, 4-JCF-6B-02, 4-JCF-6B-05, 4-JCF-6B-12, 4-JCF-6B-13
Application:	To the Department of Children's Services Youth Development Center Superintendent and all Finance Employees
Policy Statement:	
A Youth Development Center (YDC) shall maintain an individual trust fund bank account that is maintained according to generally accepted accounting principles for each youth placed under its authority.	
Purpose:	
To outline procedures for the management and maintenance of youth money in a YDC.	
Procedures:	
A. Appointments	<p>A Regional Fiscal Director oversees the fiscal department in a YDC Fiscal responsibilities are shared by both YDC staff and fiscal appointed staff.</p> <ol style="list-style-type: none">1. The Fiscal Director II over a YDC appoints all fiscal staff members, including the trust fund custodian and reconciler, to service and maintain YDC trust fund accounts. The staff member responsible for deposits may be selected by the Fiscal Director II or Superintendent.2. The Superintendent appoints designated staff members, by issuing them an appointment letter, to serve in the following capacities:<ul style="list-style-type: none">◆ YDC receiptor◆ YDC endorser◆ YDC check signers
B. Establishment of Accounts	<p>Initiating subsidiary accounts</p> <ol style="list-style-type: none">1. The trust fund custodian sets up and maintains all accounts for youth at a YDC.2. When a youth arrives, the trust fund custodian is notified through the morning report and obtains the youth's name from the face sheet and establishes a subsidiary account for him.

C. Monies Received	<ol style="list-style-type: none"> 1. Surrender of youth monies Youth entering a YDC surrenders all monies in his possession to the property officer at the time of intake. These monies are placed in the COC safe and given to the trust fund custodian by the next business day to be deposited and then placed in the youth's account. The youth signs and is given a receipt verifying the amount of money given to the property officer. 2. Restrictive endorsement <ol style="list-style-type: none"> a) The YDC endorser restrictively endorses all certified checks, warrants, and money orders received for a youth at the time they are received. b) When a youth is listed as the payee, the YDC endorser stamps the check as follows: <p style="text-align: center;"><i>"For Deposit Only to the trust fund account of _____ (facility) for the account of the named payee."</i></p> 3. Receipt process <ol style="list-style-type: none"> a) The YDC receptor or designee: <ul style="list-style-type: none"> ◆ Completes a pre-numbered receipt for all monies at the time they are received; ◆ Gives a copy of the receipt(s) to the trust fund custodian for posting to the youth's account; ◆ Indicates on the receipt the name of the youth, the date, the amount received, the source of the monies received (i.e., mail, visitors, youth, intake, etc.) and signs as receipting employee. b) The trust fund custodian posts receipts to individual youth ledger cards and indicates the date posted, receipt number and the amount received. c) The trust fund custodian does not credit youth allowance amounts to a youth's account until the YDC has actually received and deposited the state warrant or the <i>Automatic Clearing House</i> has deposited the amount into the youth's account. d) All monies deposited are eligible for any and all restitution, commissary deductions, and court ordered payments. 4. Types of payment allowed <ol style="list-style-type: none"> a) Payments are in the form of cash (during intake only), money order, certified check, or other guaranteed payment. b) Personal checks or third party checks are not accepted for deposit into the youth's trust fund.
D. Deposits	<ol style="list-style-type: none"> 1. Deposit slips <ol style="list-style-type: none"> a) The depositor prepares daily deposit slips for monies received. b) The deposit slip and receipt are prepared by two different people.

	<p>c) A copy of the receipts and deposits are given to the trust fund custodian for posting to the youth's subsidiary account.</p> <p>2. Timing</p> <p>Staff deposit monies received for youth trust fund accounts immediately in accordance with <u>Finance and Administration Policy 25</u>, which states:</p> <p><i>"...immediately" for deposits means within 24 hours after \$500.00 has been accumulated or 5 working days if more than \$100.00 but less than \$500.00 has been accumulated, provided that the funds to be deposited are secured under lock and key. Accumulated funds of \$100.00 or less, secured under lock and key, are to be deposited at least once each calendar month. If funds cannot be secured under lock and key, "immediately" means the same day.</i></p>
E. Withdrawals by Youth	<p>1. Approval</p> <p>a) Youth requests for withdrawals or transfers of money from the trust fund account require the written approval of the youth's Residential Case Manager (RCM) and either the Fiscal Director II or the Superintendent.</p> <p>b) Withdrawal requests payable to another youth, staff, or volunteers are prohibited.</p> <p>2. Process for requesting withdrawals</p> <p>a) The youth requests withdrawals from their trust fund account in writing, using form CS-0173, Personal Withdrawal Request, or by placing an order using the Commissary form that is printed from the Student Trust System.</p> <p>b) The youth obtains the signature of authorized staff as a witness.</p> <p>c) The witness forwards the request for approval to the Superintendent or designee.</p> <p>d) Designated staff forwards an approved personal withdrawal request to the trust fund custodian.</p> <p>e) After processing a request, the original request remains in the trust fund office, whether the request is approved or denied.</p> <p>3. Checks</p> <p>a) The trust fund custodian :</p> <ul style="list-style-type: none"> ♦ Writes checks payable to the youth for all approved withdrawals, to the commissary vendor, or to named payee if other than the youth. <p>Note: No withdrawal checks are made payable to the youth while placed at a YDC, another youth or employee.</p> <p>b) YDC check signers do not sign withdrawal checks until they are completed in their entirety. The trust fund custodian is not permitted to sign checks.</p>

	<ul style="list-style-type: none"> c) An updated, approved signature authorization form must be on file. d) All withdrawal checks bear two authorized signatures of designated staff. e) The bank is asked to place the notation <i>"Void after 180 Days"</i> on all withdrawal checks. f) If a check becomes void or is no longer needed at the time of issuance, the trust fund custodian writes "void" in the signature space portion of the check, places the check in the voided custodian file, and records the voided amount in the checkbook. g) If a check is returned unclaimed, the trust fund custodian writes "void" in the signature space portion of the check, places the check and a copy of the envelope in the voided custodian's file. The reconciler uses the voided check for reconciliation of the bank account. <p>4. Denials</p> <p>If the Superintendent or designee denies the withdrawal request, the reason for the denial is noted on form CS-0173, Personal Withdrawal Request.</p> <p>5. Restrictions</p> <ul style="list-style-type: none"> a) When a court order or statement is received in which a youth owes money, the trust fund custodian pays it with money from the youth's account. The youth is notified of payment of the bill. b) Only withdrawals mandated by statute, policy, or requested in writing by the youth are processed. c) All expenditures, other than withdrawals through an approved request form as explained above in Section E, 2, require the written approval of the Superintendent.
<p>F. Holds on Accounts</p>	<p>1. Placing a "hold" on accounts</p> <p>A <i>"Hold"</i> cannot be placed on a youth's account, disallowing withdrawals except for:</p> <ul style="list-style-type: none"> a) Payments of restitution ordered as a disciplinary sanction/decision as a result of disciplinary hearing, b) Monies that a court orders held or withdrawn, c) Certain sums whose collection is required by statute, or d) Approved fees for service for which a withdrawal request is pending. <p>2. Procedures</p> <ul style="list-style-type: none"> a) A signed withdrawal request constitutes a voluntary request for a hold on an account made by the youth. No additional notice to the youth is necessary for withdrawal requests.

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| | <p>b) A "hold" on an account for payments of restitution ordered as a disciplinary sanction/decision is as follows:</p> <ul style="list-style-type: none"> ◆ All objections to payments of restitution are made through the disciplinary appeals process. ◆ Providing the youth with a copy of the disciplinary hearing summary form serves as notice of a hold on an account for payments of restitution ordered as a disciplinary sanction/decision. ◆ The Trust Fund Custodian is notified of disciplinary restitution by copy of the disciplinary reports. ◆ A hold for payments of restitution remains in effect until all appeals are completed and until all amounts are paid in full. ◆ The Superintendent may request, in writing, that restitution be reinstated, if a youth has been released, placed on home trial visit, or transferred and then returns to the facility where the original sanction has not been paid in full. <p>c) "Holds" made on accounts for any other reason, including but not limited to, court ordered payments, collection of fees required by statute, or approved fees for service are as follows:</p> <ul style="list-style-type: none"> ◆ The trust fund custodian or designee notifies the youth by letter that a "Hold" has been placed on their account, stating the reasons why. ◆ The letter states that if the youth does not submit written objections to the hold within ten (10) days, a specified amount is automatically deducted from the youth's account as payment required by statute or court order fees. ◆ If a youth objects to the hold, he explains in writing to the trust fund custodian or designee, the reasons why the youth feels that he does not owe the stated amount. ◆ Upon receiving the written objections, the trust fund custodian or designee must determine the validity of the objections. ◆ If, after the investigation, the trust fund custodian or designee determines the hold to be valid, he or she must notify the youth in writing of the decision. ◆ If the youth is not satisfied with the decision of the trust fund custodian or designee, he may file a formal grievance appeal within seven (7) days of the decision made by the trust fund custodian or designee using the normal grievance procedures. ◆ The grievance clerk forwards a copy of the grievance disposition appeal form and any subsequent grievance disposition appeal forms to the trust fund custodian. ◆ A hold for which a grievance appeal has been filed remains in effect until all appeals are completed. |
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G. Accounting	<ol style="list-style-type: none"> 1. Detailed reports <ol style="list-style-type: none"> a) The trust fund custodian maintains a current, detailed report of each youth's account in the computerized trust fund student accounting system. b) A report of each youth's balance is presented on the commissary order form, weekly. c) When the computerized trust fund system is not available, staff manually maintains a current detailed record. 2. Reconciliation of accounts <ol style="list-style-type: none"> a) The Fiscal department maintains a segregation of duties so that no one employee is responsible for all aspects of the trust fund. b) Designated staff, whose responsibilities do not involve receiving or disbursing funds, should reconcile bank statements. c) The reconciler includes all photocopies of checks written in the reconciliation of the bank statement. 3. Reconciliation deadlines <ol style="list-style-type: none"> a) Designated Fiscal staff of a YDC: <ul style="list-style-type: none"> ◆ Using the computerized system, reconciles the control account with the subsidiary accounts, checkbook, etc., daily. ◆ Using manual systems, reconciles the control account with the subsidiary account after each posting. b) The reconciler prepares a bank reconciliation monthly in writing. The reconciliation is signed and dated by the trust fund custodian and the reconciler. c) The reconciliation is reviewed and signed by the Fiscal Director II. <ul style="list-style-type: none"> ◆ By the 25th of the month following the month of activity, the Fiscal Director II or designee sends a copy of the reconciliation, a listing of subsidiary accounts that make up the trust fund balance and a copy of the bank statement to the Office of Finance and Budget. A detailed explanation of discrepancies is also submitted when they occur. 4. Shortages/discrepancies <ol style="list-style-type: none"> a) If reconciliation indicates a shortage, the Fiscal Director II notifies the Assistant Commissioner of Finance and Budget and the Director of Internal Audit. b) If a discrepancy is found before the reporting time, the Fiscal Director II or designee uses the following procedures: <ul style="list-style-type: none"> ◆ Notifies the Assistant Commissioner of Finance and Budget and the Director of Internal Audit immediately. ◆ The Assistant Commissioner of Finance and Budget, or
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	<p>designee investigates all discrepancies thoroughly.</p> <ul style="list-style-type: none"> ◆ After the investigation, the Assistant Commissioner of Finance and Budget notifies the Fiscal Director II and the Director of Internal Audit of the findings of the investigation by a written report. ◆ The Director of Internal Audit notifies the Comptroller of the Treasury.
H. Transfer of Trust Funds	<ol style="list-style-type: none"> 1. The RCM or designee notifies the trust fund custodian of all youth transfers. 2. When a youth is transferred to a contract agency, the trust fund custodian: <ol style="list-style-type: none"> a) Determines whether any outstanding obligations and payments are due and what should be the appropriate balance in the trust fund account. b) Prepares form CS-0020, Trust Fund Transfer, supporting it with an attached print-out of the subsidiary account that shows the youth's balance; and c) Issues a check payable to the agency when he is being transferred to a contract agency.
I. Issuance of Final Trust Fund Balance to Youth	<ol style="list-style-type: none"> 1. Payment of balance to youth <ol style="list-style-type: none"> a) The RCM or designee notifies the trust fund custodian of all planned and court ordered releases. b) When a youth is released, the trust fund custodian or designee must deduct any and all outstanding obligations from a youth's trust fund account and then issue a check to the youth for the balance. 2. Payment of accruals/remainder after release <p>If monies are received for and/or remain in the account of a youth after he is released, the trust fund custodian must write a check for the amount and mail it to the last known address of the youth.</p>
J. Unclaimed Funds	<ol style="list-style-type: none"> 1. Undeliverable checks <p>The trust fund custodian holds any trust fund checks that are returned and marked "<i>undeliverable</i>" for six (6) months.</p> 2. Uncashed checks <ol style="list-style-type: none"> a) If a check issued to a youth after his release remains outstanding for twelve (12) months, it is presumed abandoned. If a youth returns to the YDC prior to cashing the check, the amount is credited back in the account. b) If the abandoned outstanding balance is less than \$50, the trust fund custodian follows the steps applicable per State of Tennessee Department of Treasury Uniform Disposition of Unclaimed Property Act to turn the money over to Unclaimed Property no later than May 1st of the year after it is determined to be abandoned. <ul style="list-style-type: none"> ◆ If the check has been returned to the facility, it is put into the safe until

	<p>the replacement check is made out to the State of Tennessee at which time it is voided.</p> <ul style="list-style-type: none"> ◆ If the check remains outstanding and has not been returned, it is stale-dated and a new check is written to the State of Tennessee. ◆ The amount of the outstanding check is entered back into the trust fund account and the check to Unclaimed Property is written from the Trust fund account after that. <p>c) If the amount of the outstanding balance is \$50 or more, the trust fund custodian exercises due diligence before they turn the money over to Unclaimed Property. Once due diligence has been completed, the process is the same as above. The submission period is no later than the May 1st deadline.</p> <p>d) Due diligence requirements, instructions and forms for reporting of Unclaimed Property can be found at the State of Tennessee Unclaimed Property website: https://treasury.tn.gov/Unclaimed-Property/Claim-Unclaimed-Property/Find-Your-Missing-Money.</p> <p>3. Funds of youth on escape status</p> <p>If a youth remains on escape status and monies remain in his trust fund account for a period of six (6) months, staff transfers the monies as per un-cashed checks of released youth.</p>
K. Retrieval of Funds for Youth	<p>1. Written request</p> <p>To retrieve the funds transferred to the State of Tennessee because of un-cashed checks or escape status, a youth sends a written request for return of funds to the YDC Superintendent. The Fiscal Director II or designee may also initiate the retrieval of funds.</p> <p>2. Process for approved requests</p> <p>a) The trust fund custodian prepares a batch slip and a letter stating the circumstances and submits them with a copy of the deposit slip for the deposit to DCS accounting services. If possible, the trust fund custodian also submits information listing the batch date and batch number of the original deposit to unclaimed property.</p> <p>b) When the YDC receives the warrant, the trust fund custodian deposits it back into the trust fund account, using standard trust fund account procedures.</p>

Forms:	<p><u>CS-0020 Trust Fund Transmittal</u></p> <p><u>CS-0173, Trust Fund Account-Person Withdrawal Request</u></p>
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Collateral documents:	<u><i>Finance and Administration Policy 25</i></u>
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