



## New Jersey Department of Children and Families Policy Manual

Manual:	CP&P	Child Protection and Permanency	Effective Date:
Volume:	IX	Administrative	
Chapter:	F	Fiscal	7-30-2014
Subchapter:	1	General Fiscal	
Issuance:	300	<b>Local Office Bank Account (LOBA)</b>	

### Purpose

A Local Office Bank Account (LOBA) is established in each CP&P Local Office for the purpose of keeping families together and preventing the unnecessary out-of-home placement of children, or, when a child must be placed out of home, facilitating family reunification, and funding services to stabilize and strengthen the out-of-home placement and support the child. LOBA is a valuable resource for successfully implementing the Case Plan and reinforcing decisions made at Family Team Meetings.

Allowable expenditures include, but are not limited to, payments for shelter, utilities, food, clothing, home repair, essential household equipment, and other expenditures to remedy situations of an emergent nature.

Local Office Bank Account checks can be issued on behalf of any CP&P client known to NJ SPIRIT.

### Overview

Several mechanisms exist for paying for services for CP&P clients. The preferred method to pay “one-time” providers (payees) for a support service he or she renders is for the provider (payee) to submit his or her bill and a completed CP&P Form [K-100](#), Client Service Invoice, to the CP&P Local Office. The LO processes the invoice for payment. Treasury then writes a check and sends it to the provider (payee) for the amount owed for the service, commodity or reimbursement.

Note: If the service is rendered by a “contracted” provider, he or she submits charges for the services rendered on his or her monthly CP&P Form [K-100](#), Billing Spreadsheet, to the appropriate Local Office via the [“Secure Billing” process](#).

Funds from the Local Office Bank Account may be used for LOBA allowable emergent client services. See section "Services Purchased Via the LOBA Fund (page 4).

Processing payments via NJ SPIRIT by most payment methods such as the CP&P Form [K-100](#), Client Service Invoice, the CP&P [K-100](#), Billing Spreadsheet, via the "[Secure Billing](#)" process, and the monthly Board Payment process, require the client, service, and Resource to be connected in NJS.

The Local Office Bank Account - LOBA - is a checking account established in the name of CP&P. Each Local Office Account is maintained as part of a Master Account. There are four (4) Master Bank Accounts throughout the State; each has assigned Local Offices. There is one account per Local Office. There are two funding types per each Local Office Bank Account: the LOBA Fund, and the Flexible Fund. See [CP&P-IX-F-1-400](#). A client family may be helped by funds from one or both of these funding sources, based on the family's circumstances and the extent of the child's/family's needs.

If circumstances require divergence from the above policy guidelines the reason must be documented via the Justification Field in the Payment Request window in NJ SPIRIT (required). Any deviance from the stated policy should be treated as a singular occurrence and must not become a local protocol or practice.

For emergent needs: A LOBA check can be disbursed to cover emergent needs. The merchandise/store receipt as well as the CP&P [Form 16-34](#) (check receipt form) are required for all LOBA disbursements. The merchandise/store receipt is to be attached to the CP&P form 16-34. This requirement protects the worker and the integrity of the disbursement for the emergent need. The only exception to this rule is for Independent Living Stipends disbursements.

**The Local Office Manager has primary responsibility for ensuring that:**

- The Local Bank Account Clerk (known as the "Custodian"), all Check Signers, and all casework and supervisory staff are familiar with, and adhere to, the policy and procedures for the use of the Local Office Bank Account; and
- There are adequate controls and accounting procedures in place to allow for the accurate and legitimate use of all funds that are administered through the Local Office Bank Account.

See below, Responsibilities for the Local Office Bank Account, for proper management of the account, including Internal Controls.

## **LOBA Fund Overview**

A Local Office Bank Account Fund is allocated to each Local Office by the Area Business Office each fiscal year. The amount per office is allotted from the State-Aid Budget.

The Area Business Office notifies each LO Manager of his or her respective allotment for that given year. On June 30 of each year, NJS will automatically populate the upcoming new fiscal year with the previous year's allocation. The allocation can be modified by the Area Business Office, when necessary, upon request of the LO Manager or Area Director.

The moneys in the Local Office Bank Account Fund are restricted in their use. They may be used only for services and commodities purchased on behalf of a client under CP&P supervision at present. CP&P limits the use of the account to reimburse for the purchase of a distinct list of goods or services. The funds may also be used for advance purchases.

LOBA Funds may be directed toward supporting intact families and preventing out-of-home placement (previously known as "PRS Emergency Funds" or "CPS Emergency Funds"), or stabilizing children placed in resource family care. LOBA Funds may be used to support adolescents in independent living.

When a LOBA check is made out to a Worker or other CP&P staff, all purchases made by that LOBA check must be supported by merchandise/store receipts from the vendor(s). In addition, the Worker/staff must complete and sign CP&P Form [16-34](#), Receipt. The merchandise/store receipts and the completed/signed Receipt are kept on file by the Local Office Bank Account Clerk (Custodian), and documented in a "tracking log."

### **Limitation on the LOBA Fund**

Use of the LOBA Fund may not exceed \$1,600 per case per 12-month period of time. The 12 months established spending limits are calculated by NJSPIRIT (NJS) per Case ID. NJS calculates 12 months back from the current system date to determine if the current payment being processed will exceed the fund limit (total payments issued for the Case ID from the current date (365-1) exceed the fund limit NJS will issue an automatic validation message to obtain exceptional approval or the user will be denied processing of the current payment. If it is deemed necessary to exceed this limit due to an emergency crisis, the Local Office notifies the Area Office. The Area Director or designee will e-mail the Local Office with exception approval prior to disbursement of funds. Upon documented higher approval User is required to enter the approval date on the Manual Check Window "Exceptional Date" field with the exception of the limits stated in policy as being "firm." Those limits cannot be exceeded.

There is a limit of \$500 per Office Account Payment Request with the exception of Independent Living Rent service which has a limit of \$600 per request. Upon final approval of the Office Account Payment Request the user will receive a system

message that the amount has been exceeded and must be reduced. Refer to the Overview above for procedures pertaining to circumstances that may require divergence from the policy guidelines. Under no circumstances should a payment request be split into two checks to avoid the \$500 check limit. If divergence from policy is required, the Local Office must seek approval from the Area Director.

For adolescents in Independent Living, the Local Office Manager can authorize the approval in NJ SPIRIT to fund the placement and satisfy monthly food and rent expenditures. LOM approval is sufficient, even if the \$1,600 annual limit is exceeded.

The recipient of a check generated from the LOBA Fund is prohibited from using the bank information on the check to make electronic payments or purchases over the telephone or on the internet.

### **Services Purchased Via the LOBA Fund**

The following is a list of the subservice dropdown values in NJ SPIRIT for use when requesting a check from the LOBA Fund:

- Bicycle Helmet;
- Car Seat (see [CP&P-III-C-2-500](#), Child Safety Seats/Child Seat Belt Usage, and Child Safety Seats, below);
- Carbon Monoxide Detector;
- Fire Extinguisher;
- Food/Groceries;
- Furniture for Children;
- Hand Rails;
- Health – Medication;
- Health - Substance Abuse Test;
- Health - Eye Glasses or Contact Lenses;
- Health – Prescription;
- Health – Other;
- Independent Living - Food;

- Independent Living – Rent;
- Initial Clothing Allowance (see Initial Clothing Allowance);
- Legal - Out of State Summons;
- Legal - Birth Certificate;
- Legal – Subpoena;
- Legal - (to pay the) Server of Guardianship Papers;
- Luggage (use this value when purchasing luggage, for use in transporting a foster child's possessions when placed or changing placements; see Purchase Luggage for Transporting a Child's Clothing, below;
- Legal – Other;
- Miscellaneous;
- Personal Allowance (see Spending Allowance);
- Personal Items;
- Pool Alarms;
- Rent;
- Safety Gates;
- Safety Screens;
- Security Deposit - Note: A refund and interest payments are required when funds are used as a security deposit for a client or a resource family provider. The assigned Worker documents this plan, via CP&P Form [16-35](#), Security Deposit Agreement, with the client/provider and the landlord, upon CP&P providing security funds:
  - The landlord is required to pay interest on the security funds, once the family vacates the premises. Moneys are to be returned, even if the CP&P case is closed. Ideally, the landlord reimburses deposit moneys, with interest, directly to the CP&P Local Office. If the landlord chooses to provide the security funds to the client or resource family instead, it becomes the responsibility of the client or the resource parent to return the funds to CP&P. To accompany the incoming refund, Workers document receipt of the funds via CP&P Form [16-24](#), Local Office Bank Account Disposition/Refund Support;

- Smoke Detector;
- Special Clothing (see Special Clothing Checks);
- Transportation (see Expenditures for Transportation);
- Utilities;
- Vacation (a type of enrichment, for in-home cases only);
- Window Guards;
- Window Repair ( broken window);
- Window Repair (screens).

### **Services NOT to be Purchased with LOBA Funds**

Situations for which LOBA Funds may NOT be used include:

- To purchase gift cards;
- To purchase or pay for a cell phone or cell phone minutes;
- To address non-emergent needs;
- To meet non-client specific expenditures;
- To pay for loans of any type;
- To supplement or enhance a provider's contracted rate;
- For enrichment for a child in resource family care.

### **LOBA Funds for In-Home Cases/Child Protective Services**

LOBA Funds may be used to provide emergency services for the specific purpose of keeping families at home, together, preventing the unnecessary out-of-home placement of a child, and, for children placed out of home, facilitating parent-child reunification. Use LOBA Funds to support the family's Case Plan.

A Worker requesting funds must explore the client's eligibility for emergency or other assistance through County or Municipal Welfare. If the client is denied such assistance, the Worker records the name of the agency representative who made the denial, the

date of the denial, as well as the reason for the denial. If possible, obtain a written statement of denial from the agency.

The Worker documents in the electronic case record, in a Contact Activity Note, his or her efforts made to secure goods or services or funding from all sources, including, but not limited to, home energy assistance programs, rental assistance, FEMA, and homeless services. Enter this information as "justification" when requesting LOBA Funds through the Office Account Payment Request window in NJ SPIRIT; see Procedures for Requesting LOBA Funds via NJ SPIRIT.

Seek access to LOBA Funds in the following circumstances:

- Child abuse or neglect is alleged or Substantiated within the family.
- An immediate threat to the child's well-being, or the ability of the parent to continue to care for or protect the child requires an immediate expenditure of funds.
- No other resources are immediately available from within the family itself or from other public and/or private sources, which could be used to prevent the placement of the child outside of the home.
- The return of the child to the birth family is barred solely by insufficient or inadequate food, utilities, shelter, or home furnishings.
- Funds are not available to alleviate a deficiency from any other source, including the family itself or the County Welfare Agency. See [CP&P-II-B-1-1250](#).

Examples of situations appropriate to this program include, but are not limited to:

- Very little food is available for children on that very day.
- There is no gas, water, heat, and/or electricity in the family home.
- Adequate, clean bedding, cribs, or playpens are lacking for children or infants.
- Adequate, clean, properly fitted, seasonal clothing is needed by children or infants.
- Repair of household equipment, such as plumbing, refrigerators, or stoves, is necessary for health reasons.
- A security deposit on a rental property, to provide a safe residence for a child and family. Note: A refund and interest payments are required when funds are used as a security deposit for a client or a resource family provider. The assigned

Worker documents this plan, via CP&P Form [16-35](#), Security Deposit Agreement, with the client/provider and the landlord, upon CP&P providing security funds:

- The landlord is required to pay accrued interest on the security funds, once the family vacates the premises. Moneys are to be returned, even if the CP&P case is closed. Ideally, the landlord reimburses deposit moneys, with interest, directly to the CP&P Local Office. If the landlord chooses to provide the security funds to the client or resource family instead, it becomes the responsibility of the client or the resource parent to return the funds to CP&P. To accompany the incoming refund, Workers document receipt of the funds via CP&P Form [16-24](#), Local Office Bank Account Disposition/Refund Support.
- A parent's physical and/or emotional condition, if not alleviated through the provision of goods or services, may endanger the child.

Do not use LOBA Funds:

- Where a recipient of public assistance or a wage-earning family consistently runs out of funds before the end of each month because of mismanagement;
- Where the eligibility criteria for WFNJ/TANF Emergency Assistance is met;
- To provide entertainment or for recreation activities, such as music or dance lessons, tickets to a circus, etc.

### **LOBA Fund to Benefit Children in Resource Family Care**

The base level of care rate for a child in resource family care includes provisions for vacation, entertainment, enrichment, and special events. A resource family parent is precluded from seeking additional, special funds for such activities. Resource family parents are encouraged to budget accordingly from the child's monthly allotted board rate check to meet these expenses.

The LOBA Fund may be used to support children in resource family care. Supporting the resource family is one way of aiding the child placed in that home. LOBA Funds may be used to prevent disruption of out-of-home placements, prevent harm or deprivation to the child in placement, or allow for the placement of a disabled child or a sibling group in a resource family home, including a relative's home.

Funds are available because:

- Some resource family parents (including, but not limited to, relatives and family friends) live on marginal incomes and are unable to absorb the extraordinary costs involved in caring for a CP&P-supervised child.



- The availability of financial assistance can promote the stability of a resource family home and, at times, prevent the disruption of a placement.
- Caring, effective resource family parents are a much-valued social resource. Financial support encourages the retention of quality resource family providers, and thus enables their continued service to children in need.
- Resource family parents may be more able to accept a child into their home if the agency helps by purchasing basic items. Example: a bed, a dresser.
- Providing a security deposit on a rental property may facilitate a safe residence for the resource family. (Note: A refund is required when these funds are used as a security deposit. The landlord is required to pay interest on that security to the resource family and return the money to CP&P or the resource family when the family vacates the premises. The Worker documents this commitment in writing, via CP&P Form [16-35](#), Security Deposit Agreement, indicating that moneys will be returned, even if the resource family home is closed. The landlord or the resource family parent is required to return the security deposit moneys to CP&P in the form of a refund to the Local Office. To accompany the incoming refund, Workers document receipt of the funds via CP&P Form [16-24](#), Local Office Bank Account Disposition/Refund Support.

LOBA Funds may be used to benefit children in resource family care by:

- Providing financial assistance to a resource family at a time of a crisis, to allay immediate danger to a child's health and/or safety. Example: Provide funding to allay a crisis caused by a fire, a flood, a natural disaster, or a sudden breakdown in a heating or plumbing system;
- The purchase of respite care services, such as a mother's helper or trained child care worker, to alleviate the pressures on a family, particularly where a resource family has been asked to care for a large sibling group or a number of young children. The use of the LOBA Fund for respite care is authorized for a temporary, short term time period only; if long term assistance is needed, explore relief through other financial arrangements.
- The purchase of furniture to enable a resource family to accept an infant or a sibling group. Example: Use the fund to purchase a bunk bed, a crib, a double stroller;
- Providing payment for transportation. See Expenditures for Transportation;
- Enhancing their self-confidence and improved self-image when provided with their own luggage, for use in transporting their clothing and possessions when placed or in changing placements, and as needed.

Do not use these funds:

- For a recipient of public assistance or a wage-earning family who consistently runs out of funds before the end of each month;
- To pay for items reimbursable through other agency allotments, including enrichment funds included in the monthly Board Check. Example: Do not use the fund for a clothing allowance, transportation, medical expenses, special activities, or trips for children in resource family care;
- Registration or activity fees, to enroll a child in a "Y" or a Boys Club or a Girls Club program;
- Tuition assistance. See [CP&P-VII-A-1-300](#), New Jersey Foster Care Scholars Program (NJFC Scholars Program) for information about non-emergent tuition assistance;
- Enrichment services, such as the purchase of a bicycle, a musical instrument, vacation, or dancing lessons for a child in resource family care;
- Financial assistance to allow a resource family to take a child in placement on vacation;
- For the biological child of resource family parents;
- To pay toward loans of any type;
- For non-emergent needs;
- For non-client specific expenditures;
- To supplement or enhance a provider's contracted rate.

Items purchased on behalf of a particular child are the property of that child. Items purchased on behalf of the resource family are the property of the resource family.

The Worker completes an Office Account Payment Request in NJS, documenting the eligibility criteria in terms of the specific family situation in the Justification group box. (There are no requirements regarding resource family income, employment status, or family structure.)

Explore the child's or the resource family's eligibility for emergency assistance through community agencies. If the child or resource family is denied assistance, the Worker records the name of the agency and the representative making the denial as well as the reason for the denial in the electronic case record. When possible, obtain a written statement of denial from the agency representative.

## **Independent Living - Rent, Food, and Incidental Stipends**

A check from the LOBA Fund may be issued for an adolescent in the Independent Living Program for up to \$600 per month for rent. The check is issued directly to the adolescent; in some circumstances it may be made out to the landlord. A check in the landlord's name may be mailed to the landlord or given to the adolescent, to give to the landlord. If the check (in the landlord's name) is given to the adolescent, the adolescent signs a Receipt, CP&P Form [16-34](#).

A check from the LOBA Fund may be issued to an adolescent in the Independent Living Program for up to \$240 per month for food. The check is issued in the adolescent's name. No vendor receipts are required.

A check from the LOBA Fund may be issued to an adolescent in the Independent Living Program for up to \$100 per month for incidental expenses in accordance with [CP&P-VI-A-2-200](#). The check is issued in the adolescent's name. No vendor receipts are required.

Clients in Contracted Independent Living placements are not eligible for food, rent, or incidental expense checks, if the program rate covers these costs.

See Independent Living Subsidies, [CP&P-VI-A-2-200](#). See Limitation on the LOBA Fund, above.

## **Purchase Luggage for Transporting a Child's Clothing**

A check from the LOBA Fund may be issued to permit the purchase of luggage needed to safely transport a child's clothing and possessions upon the child being placed in resource family care or changing out-of-home placements. A child's possessions should never be transported in large plastic bags, except in an emergency, when no immediate alternative container is available.

## **Spending Allowance**

Spending allowances may be issued from LOBA Funds to child clients who reside in New Jersey State operated or New Jersey State owned institutions or to children under CP&P guardianship. CP&P may provide an allowance after the Worker ensures that the facility does not object to the child having the allowance; whereas granting an allowance should be in accordance with the child's Case Plan, and permitted by the facility.

Spending allowances are:

- \$2.50 per week for a child 10 years and under;
- \$5.00 per week for a child 11 years and older.

## **Initial Clothing Allowance**

Checks for the purchase of items of clothing for a child may be issued from the LOBA Fund. Issue the check to the Worker, the resource family parent, or a representative from the facility where the child is placed. Purchase clothing only when a child's wardrobe needs to be supplemented in the following circumstances:

- When a child initially enters a new placement (including an Independent Living Program);
- When a child changes placement, including return home;
- When a child in placement needs clothing due to unusual circumstances;
- When a situation meets the criteria outlined in this policy, LOBA Funds for In-Home Cases/Child Protective Services.

Since a new placement or a change in placement does not, in and of itself, warrant the issuing of a clothing check, the Worker takes an inventory of the child's clothing each time a child enters or changes placement, to determine if there is a need to purchase additional clothing, and, if so, the amount of moneys needed to address the child's needs. The request must not exceed the maximum clothing allotment. The Worker completes a LOBA Request in NJS, and seeks Local Office Manager approval.

When the check is made out to the Worker or other CP&P staff, all purchases must be verified by receipts from the vendor.

## **Special Clothing Check**

A check may be issued from the LOBA Fund for the purchase of clothing items in the following special circumstances:

- Required uniforms when a child in placement belongs to an organized youth organization or sport team, such as the Girl Scouts, Boy Scouts, Little League, ROTC;
- Specific clothing for a child in placement (which is not part of the child's wardrobe) for religious or educational ceremonies;
- When all, or part, of the basic wardrobe of a child in placement is destroyed by the child him or herself, fire, flood, or stolen;
- When a child in placement dies and appropriate clothing is needed for burial;

- Clothing to wear on weekends or vacations when a child who is living in a New Jersey State institution is making visits to a resource family home in the community; The check is issued to the resource family parent or Worker from the LOBA Fund for the purchase of required clothing only;
- When a child, in active case status, who is a resident of a New Jersey State institution or a short-term State correctional treatment center, lacks a basic wardrobe. The check is issued to the institution and forwarded directly to the facility by the Local Office for the purchase of clothing.

## **Expenditures for Transportation**

Regulations and policies relating to travel and transportation are promulgated by the Department of Treasury. These regulations and policies limit the circumstances in which payment for travel and transportation can be paid from the Local Office Bank Account. Payment of travel and transportation expenses is limited to circumstances involving child related transportation. See [CP&P-IX-F-1-700](#), Travel Regulations.

Whenever reimbursement or a delay in payment to a client, resource family parent, or transportation vendor is not acceptable or reasonable, payment from the Local Office Bank Account Fund may be authorized, to serve one of the following purposes:

- Transportation/travel to and from residential facilities for CP&P supervised children only, if such transportation is not included in the facility's monthly rate;
- The return fare to either New Jersey or a child's home state for a CP&P supervised runaway;
- Transportation to and from a therapy, treatment, or an educational program;
- To cover the costs of transportation for a parent or other relative to visit a child in resource family care when the parent or relative verifies that he or she cannot obtain or pay for his or her own transportation. Visitation/travel arrangements may be court ordered. See [CP&P-IV-A-5-100](#), Visitation Between the Child and His Family;
- An emergency situation which necessitates a check for travel being issued to a resource family parent or a birth parent.

A limit amount is set at \$250 per incident of travel per client/child. If deemed necessary to exceed the limit due to an emergency crisis, Local Office management notifies the Area Office. The Area Director or designee e-mails the Local Office with exception approval prior to disbursement of funds.

## **Child Safety Seats**

Whenever placing or moving a child in resource family care who is under eight (8) years of age, and who weighs less than 80 pounds, the Worker determines whether the resource family parent has a child passenger restraint system (i.e., a car safety seat) or a booster seat available for the child. If needed, the Worker issues a check from the LOBA Fund to the resource family parent toward the purchase of a child passenger restraint system or booster seat for the child.

If the child later moves from that placement to another, and still needs a child safety or booster seat, transfer the car seat with the child, to the new placement home. See [CP&P-III-C-2-500](#), Child Safety Seats/Child Seat Belt Usage.

### **Emergency/Crisis Funds for Welfare Recipients**

Payment of LOBA Funds to county welfare recipients must be made directly to the vendor or the Worker.

The County Welfare Agency is required, by regulation, to consider as income any cash grants. LOBA Funds paid to a vendor will not be considered by County Welfare Agencies as additional income to the client, based on Division of Family Development regulations regarding non-cash contributions.

When the check is given to the Worker, the Worker accompanies the client or resource family parent to make the purchase on the child's behalf. A vendor receipt (i.e., a merchandise/store receipt) is required. The Worker must collect a merchandise/store receipt at the time of purchase. If the vendor does not routinely provide receipts, the person expending the money attempts to secure from the vendor a piece of paper with the vendor's name, store location/address, date, the item purchased, and the amount expended; the vendor must then sign the document. See [CP&P-IX-F-1-600](#), Reimbursement by Voucher.

### **Procedures for Requesting LOBA Funds Via NJ SPIRIT**

The assigned Worker, with proper NJS security authorization - or staff acting on behalf of the Worker, who seek LOBA Funds for a child or family - request LOBA Funds by accessing the Office Account Payment Request window via NJ SPIRIT. NJS creates CP&P Form [16-105](#), Local Office Bank Account Approval Request, automatically when this window is fully approved. Workers are no longer required to complete the Special Approval Request (SAR) form, CP&P Form [16-76](#), when requesting LOBA Funds. The process is completed entirely in NJS windows.

Proceed as follows in the Office Account Payment Request window:

- Identify the payee in the "Payee Information" group box. (Unlike the Flex Fund, a LOBA Fund check can be made out to a CP&P Worker or employee; i.e., CP&P can be the payee.)

- In the "Payment Method" dropdown, in the "Service Information" group box, select "LOBA Fund."
- Select a subservice from the Subservice Component dropdown. (For a list of subservices, see Services Which May Be Purchased via the LOBA Fund.)
- Select a living arrangement from the Living Arrangement dropdown.
- If "Other" is selected, the "other" field becomes "required" to explain the service request.
- Enter text in the "Justification" field (required).

NJS generates expenditure reports, to monitor use of these funds state wide. See NJS "How Do I" guide, "LOCAL OFFICE FINANCE," for complete, step-by-step instructions for completing the window.

### **Printing the LOBA Fund Check**

The Custodian is responsible for printing checks from the LOBA Fund. NJS Internal Controls ensure checks are printed by the Custodian only. The Manual Check > Payment Selection windows can only be accessed by the Custodian, who meets a specified security profile. At no time can a staff member be authorized in NJSPIRIT to print a check and also be authorized by the LO to be a signer on the bank account. This is a conflict of duties and reflects poor internal controls. Separation of duties must be maintained.

See "How Do I" guide,"LOCAL OFFICE FINANCE," for instructions on printing LOBA Fund checks.

### **Approvals**

NJ SPIRIT requires three (3) levels of approval. Only Local Office Manager or designee approval must be applied in NJS for the request to be considered "FULLY" approved in emergency situations.

"Approvals" are found in the "Options" dropdown on the Office Account Payment Request window.

### **Responsibilities of the Local Office Manager**

The Local Office Manager has responsibility for ensuring that the Local Office Bank Account Clerk (Custodian), all Check Signers, and all casework and supervisory staff are familiar with, and adhere to, the policy and procedures for the use of the Local Office Bank Account.

The Local Office Manager ensures that there are adequate controls and accounting procedures in his or her office to allow for the accurate and legitimate use of all the funds administered through the following LOBA process:

- Assign one Clerk (not the clerical Supervisor or Head Clerk) to be responsible for the Local Office Bank Account; this staff member is known as the "Custodian."
- Assign up to six (6) staff to be authorized Check Signers, at least two (2) of whom must be professional staff in supervisory positions (each check requires two signatures). The Custodian may not be a Check Signer. The LOM can choose to be a Check Signer.

Note: If more than six (6) signers are needed - particularly for a large volume Local Office - send a written request to the Office of Accounting, supported by a justification signed by the Local Office Manager or designee. The request can be approved or denied by the Office of Accounting Manager.

- Notify the Manager, Office of Accounting, of the names and titles of those persons assigned to be Check Signers.
- Notify the Manager, Office of Accounting, of any change in check signing assignment, allowing change to begin only after acknowledgement of the change is received. (The Local Office Manager notifies the Office of Accounting, the Office of Accounting notifies the Department of Treasury, and the Department of Treasury notifies the bank. Acknowledgement flows back through the same channels.)
- Set up a file - a "LOBA File" - maintained at the Local Office, for keeping all documentation of authorizations for Local Office Bank Account expenditures, including merchandise/store receipts. Establish a "tracking log" to track each LOBA check issued, to ensure that:
  - A Receipt, CP&P Form [16-34](#), is completed and signed by the Worker/CP&P staff dispersing the check; and
  - A merchandise/store receipt is obtained and is on file. The Local Office Bank Account Clerk (Custodian) maintains the file and the log.
- Certify that disbursements from the account are made in accordance with policy by applying final approval (or by a designee applying final approval), on the Office Account Payment Request window in New Jersey SPIRIT.
- Make a request to the Area Director or designee, in writing, when seeking to exceed established fund limits on behalf of a client.



- Review all requests for expenditures (or delegate that responsibility to other supervisory staff).
- Ensure that the Local Office checkbook is secured and that only authorized staff have access to the checkbook.
- Approve the LO Bank Account Clerk's (Custodian's) monthly accounting of the LOBA/Flex account (i.e., tracking log) pertaining to the status of all checks written, and a list of outstanding Receipts (CP&P Form [16-34](#)) and needed merchandise/store receipts. The Local Office Manager takes action, as appropriate, to follow up on any outstanding receipts, concerns, or issues. The LOM forwards the log to the Area Business Office by the 15th of each month, to account for all fiscal/LOBA transactions having occurred during the previous month.
- Follow up on any concerns regarding possible misuse or misappropriation of the LOBA Fund brought to his or her attention by the Area Office or the Area Business Office, the Custodian, a member of the Local Office staff, a client, or others.
- Meet with the Area Business Manager or designee at least once every six (6) months to analyze the local budget, expenses, trends.

The Local Office Manager may need to adjust these procedures in small offices where there is limited staff. However, under no circumstances can one staff member request a check, place final approval on an Office Account Payment Request, and print the check. There must be a distinct separation of duties related to LOBA.

Even though NJS will allow the highest level approval to be applied to an Office Account Payment Request (i.e., LOM approval) without obtaining other approval levels, this is not practice, and should only be executed in the utmost extreme circumstances, where three (3) levels of approval cannot be secured.

### **Responsibilities of the Worker Requesting a Check**

The assigned Worker is responsible for the following procedures:

- Determine that the situation requires expenditures from the Local Office Bank Account (one of the two distinct funds) and that the payment cannot wait for processing through any other payment method.
- Process the request through NJS via the Create>Office Account Work>Payment Request.
- Follow up with the LO Bank Account Clerk (Custodian), to ensure that the check is printed.

- Ensure that the check is disbursed and fully accounted for in accordance with this policy:
  - Obtain a merchandise/store receipt for each purchase. (If a receipt is not available, obtain a written, signed statement from the vendor.) Present the merchandise/store receipt to the Custodian for documentation/support of the issuance of the check.
  - Complete and sign a Receipt, CP&P Form [16-34](#). The payee signs the Receipt upon receipt of a check; the Worker also signs the form in the designated place. If the check is made out to the Worker, the Worker signs the Receipt form. Present the complete, signed Receipt to the Custodian for documentation/support of the issuance of the check.
- Seek State-Aid, if available.

### **Responsibilities of the LO Bank Account Clerk (Custodian)**

The Custodian is responsible for the following procedures:

- Write checks against the LOBA account only when presented with proper authorization. A fully approved Office Account Payment Request will be available for selection in NJS upon launching the Payment Selection window via the Manual Check option on the outliner in NJS. The navigation in NJS is Create>Office Account Work>Manual Checks.
- Maintain all authorizations and supporting documentation in a distinct file - the "LOBA File" - maintained at the Local Office, dedicated to LOBA processing and associated forms. Maintain a tracking log to detail the status of needed documentation to support each check. Track each check issued from either the LOBA Fund or the Flexible ("Flex") Fund.
- Contact the Office of Accounting immediately by e-mail whenever a "stop payment" is necessary.
- Ensure that there are no "skipped" check numbers or inaccurate check numbers in NJS.
- Ensure the security and integrity of the checkbook.
- Bring fiscal concerns - such as, but not limited to, possible misuse of funds; excessive or a high volume of checks written for the same client family; excessive, particularly large, or unusual checks written for the same Worker/caseload/unit - to the attention of the Local Office Manager and the Manager of the DCF Office of Accounting.

- Do not release a check to a CP&P employee without a signed Receipt (CP&P Form [16-34](#)).
- Whenever a check is issued to a CP&P employee, the Custodian must obtain the following within five (5) working days:
  - A receipt for goods/service purchased on behalf of a DCF client (The Worker must collect a merchandise/store receipt at the time of purchase. If the vendor does not routinely provide receipts, the person expending the money attempts to secure from the vendor a piece of paper with the vendor's name, store location/address, date, the item purchased, and the amount expended; the vendor must then sign the document. See [CP&P-IX-F-1-600](#), Reimbursement by Voucher); and
  - Any moneys remaining from the amount that was issued over \$1.00 (one dollar).

If the payee is a Resource, and the check is being hand-delivered to the payee, the employee delivering the check must return with a signed Receipt (CP&P Form [16-34](#)), signed by both the payee and the employee.

- Complete a Receipt (CP&P Form [16-34](#)) whenever a vendor/payee picks up a check at the Local Office.
- By the 15th of each month, send all refunds/overages/unspent funds gathered during the previous month to the DCF Office of Accounting in the form of a Money Order or a check. (Do not send cash through the inter-office mail system.) See Refunds. Send the refund (Money Order or check) with a completed CP&P Form [16-24](#), Local Office Bank Account Disposition/Refund Support form. Complete a separate form to document each refund. The cost of the Money Order or bank check can be reimbursed via the Petty Cash Fund.
- Send voided checks to the Office of Accounting with a completed CP&P Form [16-24](#), Local Office Bank Account Disposition/Refund Support form. See Procedures to Void a Check, below.
- Reconcile the tracking log at the end of each month. Assure an accurate accounting of each check written:
  - List all outstanding receipts (Receipt, CP&P Form [16-34](#)) and merchandise/store receipts, as required;

- Provide an accounting for Local Office Manager sign off/approval by the tenth of each month, to support each fiscal/LOBA transaction that occurred during the previous month.

The Local Office Manager forwards the log to the Area Business Office by the 15th of each month, to support each fiscal/LOBA transaction that occurred during the previous month.

See Appendices, Maintaining the Check Ledger; to Export Checks from NJS to Excel Spreadsheet, for suggested procedures for maintaining an accurate, current check ledger.

### **Responsibilities of the Unit Supervisor**

Supervisors are responsible for their unit's LOBA/Flex Fund requests and expenditures. The Supervisor pays attention to particularly large expenditures, frequent or repeated use of LOBA/Flex funding by a particular client family, frequent requests for LOBA/Flex funding by a particular Worker in the unit, and/or a client's unusual or noteworthy request for LOBA/Flex funding.

When a Supervisor has concerns, that Supervisor is required to have a face-to-face meeting with the client family, to:

- Confirm that the client is receiving or did receive designated goods and services or cash disbursements from the LOBA or the Flex Fund; and
- Determine whether the funded service is still needed, and, if so, whether there is an alternative funding source available.

The assigned Worker may be present during the Supervisor-client meeting. The Supervisor may identify a need for the client to receive counseling in budgeting and life skills, or other case management supports.

The Supervisor follows up, as appropriate, to address any fiscal concerns or possible fraud on the part of the client or staff.

### **Responsibilities of the Area Business Office**

The Area Business Office, headed by the Area Business Manager, reports directly to the DCF Office of Business Operations, under the direction of the Executive Director, Business Operations.

The Area Business Manager, assisted by the Budget Analyst or designee, is responsible for the following procedures:

- Review the LOBA "tracking log" submitted from each Local Office Manager each month.
- Ensure that there are adequate controls and accounting procedures in place to allow for the accurate and legitimate use of all funds that are administered through each Local Office Bank Account in the Local Offices that comprise the Area.
- Notify the DCF Office of Accounting when a new Local Office is established, or an existing Local Office is to be closed or merged with another Local Office.
- Allocate in NJ SPIRIT Local Office Bank Account Funds to each Local Office within the Area each fiscal year. (Yearly updates are completed automatically by a Year End Batch in NJS. The amount authorized the previous year will automatically roll over to the new fiscal year. Budget Analysts have the security to update or change the amount each year for their respective offices, if needed, through NJS. Navigation in NJS is via Maintain>Office Account Work>Allocation Maintenance.)
- Reallocate funds within the Area's Local Offices; notify appropriate offices of the reallocation. See Reallocation of Funds.
- Review the disbursements made by each Local Office in the Area on a bi-weekly (every two weeks) basis through NJ SPIRIT, to ensure that all checks are captured by NJS. (Accomplish this by reviewing disbursements to ensure that there are no check numbers missing. If a skipped check number is found, contact the Local Office for resolution.) See Appendices, Maintaining the Check Ledger; To Export Checks from NJS to Excel Spreadsheet.
- Meet with each Local Office Manager within the Area at least once every six (6) months to analyze the local budget, expenses, trends.

### **Responsibilities of the Area Office**

The Area Office, headed by the Area Director, reports directly to the CP&P Director.

The Area Director is responsible for the following procedures regarding Local Office Bank Account processing:

- Assess each Local Office request to exceed annual LOBA Fund or Flexible Fund expenditure limits for a particular case or family.
- Make a determination and a timely response, in writing, to each request to exceed the annual expenditure limit.

The Area Director may request the Area Business Office reallocate funds, and transfer moneys between Local Offices within the Area, when necessary. See Reallocation of Funds.

The Area Office may provide guidance to a Local Office, to help determine reasonable costs for a given service in that jurisdiction, using existing contract rates as a guide.

### **Responsibilities of Authorized Check Signers**

Staff who are authorized to sign LOBA checks are responsible for the following procedures:

- Ensure all necessary documentation and approvals are obtained.
- Sign only those checks that meet all required criteria.  
Two authorized signatures are required on each LOBA check.

### **Responsibilities of DCF Office of Accounting**

The Office of Accounting reports directly to the Office of Business Operations, under the direction of the Executive Director, Business Operations.

The Office of Accounting is responsible for the following procedures:

- Notify the Department of Treasury to establish any new bank account or to close an existing account.
- Respond to the Department of Treasury's year-end requirement to re-authorize the accounts.
- Notify the Department of Treasury of all signature changes to any Local Office Bank Account.
- Initiate "stop payments" whenever a check is lost, stolen, or "stale-dated." Stop Payments will be initiated after checks are outstanding for more than 180 days
- Reconcile all checking accounts with corresponding bank statements.
- Monitor spending by Local Offices to complete bi-weekly draw downs and replenish master accounts.
- Deposit any refund checks.
- Change check dispositions when notified that a change is warranted.
- Order stock checks for all Local Offices.

## **Responsibilities of All Staff**

If any staff member has concerns regarding the possible misuse or misappropriation of LOBA Funds (i.e., the LOBA Fund or the Flex Fund), he or she is responsible for reporting those concerns to the appropriate authorities within the Department of Children and Families. In accordance with New Jersey's Conscientious Employee Protection Act (commonly known as, "The Whistle Blower Protection Act"), an employee who acts in good faith shall be protected against employer retaliation.

## **LOBA Procedures**

### **Procedures for Handling Lost or Stolen Checks**

When a check is lost or stolen, the assigned Worker or Supervisor proceeds as follows:

- Immediately report the lost or stolen check to the Local Office Manager.
- Obtain a sworn statement from the Payee on CP&P Form [16-8](#), Affidavit for Loss of Check.
- Advise the Office of Accounting of the lost or stolen check by e-mail notification. (Once the stop payment is confirmed by the bank, the Office of Accounting will send a confirming e-mail to the Local Office.)
- Wait 24 hours from notification from the Office of Accounting before asking the Custodian to issue a replacement check.

The Custodian files the original, completed, signed, CP&P Form [16-8](#), Affidavit for Loss of Check, in the LOBA File maintained at the Local Office.

## **Refunds**

When the total amount of the check that was issued is not used, a refund must be made to the account. Any amount over \$1.00 (one dollar) must be returned. If a client or vendor returns cash to CP&P, the Worker issues a Receipt, CP&P Form [16-34](#), to document the transaction.

The Worker gives the cash refund to the LO Bank Account Clerk (Custodian) . The Custodian completes and signs a Receipt, CP&P Form [16-34](#), to document the transaction. By the 15th of each month the Custodian assembles all cash refunds/overages/unspent Local Office funds from the previous month and sends them to the Office of Accounting in the form of a Money Order or check. (Do not send cash through the inter-office mail system.) The cost of the money order can be charged to Petty Cash. The Office of Accounting deposits the refunds into the Local Office Bank Account.

## **Procedures to Void a Check**

The Custodian proceeds as follows to void a check:

1. Determine that a check must be voided.
2. Stamp or write in ink "void" across the front of the check.
3. Complete a Local Office Bank Account Disposition/Refund Support form, CP&P Form [16-24](#).
4. Send both the voided check and the completed form to the Office of Accounting.
5. Update the LOBA "check book" to reflect the voided check; account for any missed check number(s).
6. The Office of Accounting changes the disposition in NJ SPIRIT.

## **Stale-Dated Checks**

The Office of Accounting places an electronic stop payment on any stale-dated check, and notifies the Local Office of the stop payment. The Worker obtains the stale-dated check, if possible, and returns it to the Local Office Custodian. The Custodian marks "STALE DATED" on the front of the check, in ink, and forwards it to the Office of Accounting. (Do not mark the stale-dated check "void.")

## **Reallocation of Funds**

Each Local Office receives an annual allocation of LOBA Funds from the Area Business Office. Transfer of LOBA Funds is permitted only upon the approval of the Area Business Manager or his or her designee, and can only be made when transferring like amount of funds between two Local Offices within the Area.

The Area Business Manager has the option of reallocating funds (i.e., transfer funds from one Local Office to another within the Area). This ability allows the Area Business Manager the flexibility to place funds in offices that demonstrate the greatest need, thereby ensuring the best utilization of funding. The Area Business Office notifies appropriate offices of any reallocation.

Whenever it appears to a Local Office Manager or the Area Director that allocated funds are insufficient or excessive, he or she forwards a request to the Area Business Manager for approval to transfer moneys between offices. The Budget Analyst has the security within NJ SPIRIT to increase or decrease Local Office allocations.



The Area Business Manager, or a designee notifies the DCF Budget Office and the Office of Accounting of all reallocations and transfer of funds.

Each transfer is documented by the Local Office Custodians in both the sending and the receiving offices.

Enter each transfer into NJ SPIRIT. Navigation in NJS is via Maintain>Office Account Work>Allocation Maintenance. See NJS "How Do I" guide, "LOCAL OFFICE FINANCE," for the step-by-step process on maintaining LOBA allocations and reallocations.

**Procedure to create a check that was issued outside of NJSPIRIT and/or to correct a check number that was entered incorrectly:**

**CHECK ISSUED OUTSIDE OF NJSPIRIT:**

Due to NJSIRIT (NJS) being unavailable at the time of an extreme emergency it may become necessary for the Local Office to handwrite/type the check outside of our system (NJS) and to document the transaction at a later date when NJS becomes available. Written request from the worker, approved by the Supervisor/LOM or designee should be presented to the custodian when requesting the check. This process should not become practice in the operation of the Local Office Bank Account. This section is only guidance for extreme situations where NJS is unavailable and there is an immediate emergency that cannot wait for NJS to become available.

The following are the steps necessary for the Local Office to enter the check after NJS becomes available. This action will create the check in NJSPIRIT.

- Enter the Office Account Payment Request using the original data such as payee, check amount, clients, service, and service dates.
- After the Office Account Payment Request is fully approved the custodian will access the request via the Payment Selection Window to process the transaction in NJS.
- Custodian processes the line item or items (if multiple clients) using the original check date and check number. Coordination between the worker and clerical staff is imperative for the accuracy of the data being process through NJS to document the check. The information **MUST** match the purpose of the check issued outside of NJS. It is recommended that the request and a copy of the check issued be retained for NJS input.
- Custodian prints the check on plain paper and shreds the printed information. This action will populate the check issuance in NJS

**CORRECTION OF A CHECK NUMBER ERROR:**

If there was an error made when originally entering a check number such as transposing of numbers or leaving one of the numbers out then the Office of Accounting will need to VOID the incorrect check number in NJS and the Local Office will be instructed the re-create the check in NJS using the steps outlined above.

### **Appendices - Maintaining the Check Ledger; To Export Checks from NJS to Excel Spreadsheet**

[Click here](#) to view or print Appendices, Maintaining the Check Ledger; To Export Checks from NJS to Excel Spreadsheet.

### **WHEN TO USE IT**

Part I - This information guides Local Office and Area Office Clerks (Custodians) in maintaining a check ledger for tracking LOBA Fund and Flex Fund expenditures.

Part II - Follow this step-by-step process when seeking to export check information from NJ SPIRIT to the Local Office Excel spreadsheet.