



Psychiatric Patient Advocate Office

Bureau de l'intervention en faveur des patients des établissements psychiatriques

MEMORANDUM

TO: Patient Advocates
FROM: David Simpson, Acting Director
c.c.: Barbara Cadotte, Program Manager
Stanley Stylianos, Program Manager
DATE: December 22, 2006
RE: Management of Client Funds and Property by Hospitals

Earlier this year, we learned that one of the hospitals we serve discovered that a number of their cashier's office clients were missing funds from their accounts. The hospital immediately launched an internal investigation and hired a specialized accounting firm to conduct a forensic audit. It was learned that a sizeable amount of money had been taken from clients over an extended period of time. The results of the forensic audit were turned over to the police and charges were laid against an employee of the facility alleged to be responsible. The hospital took steps to notify clients who were victimized and to reimburse them with interest for missing funds. The hospital also advised the local PPAO patient advocates of this situation in advance of the public release of the information to facilitate the support of clients who approached the PPAO regarding this matter.

As a result of the above-noted incident, a second hospital decided on their own initiative to conduct a forensic audit of client accounts for the past thirty-two months. The forensic audit revealed that money had been taken from the accounts of a number of clients, although the amount of money taken has not been disclosed. As in the first instance, the hospital notified the PPAO in advance of the public release of the information and took steps to provide clients with support and assistance in dealing with the issue: the hospital provided patients with a print-out of their accounts and confirmation of the amount of money that had been taken from them. Clients were also advised that they would be paid interest on the misappropriated money. It is my understanding that the hospital also worked with other stakeholders, such as the Office of the Public Guardian and Trustee, in an effort to protect the interests of the clients involved. In the coming weeks, the hospital will notify clients who have been transferred to other programs and facilities across the province respecting the results of the forensic audit and their response. Consequently, clients may approach you for assistance and support in dealing with this issue and in protecting their rights and interests.

In light of these two incidents, please review the following issues:

- In keeping with banking industry best practices, what accounting processes are in place at your facility to safeguard client funds? What paper trail is generated when a client withdraws money from their account and how is this reconciled on a daily, weekly and monthly basis by the facility?
- Is there a regular audit of client accounts? Has a forensic audit ever been conducted?

- What policies and procedures are in place to guide the management of client accounts?
- Do clients receive a statement of account at regular intervals or on request?
- Are criminal record checks conducted on employees who handle and manage money on behalf of clients?
- If client monies are disbursed by other treatment team members (e.g. ACTT staff, nurses, social workers, recreation therapists), what policies, procedures and safeguards are in place to record these financial transactions?
- What policies or procedures guide the management and disbursement of funds by hospital for individuals found incapable of managing their property? Is there a policy and a process in place for the investigation of allegations by a client regarding missing property? How is it investigated and documented?
- Is there a policy in place for reimbursing clients for lost property? What supports are available to clients to assist them with the complaints and appeal process?

During this past year, we also received complaints from clients about the loss of personal property and valuables and the apparent lack of safeguards to protect their property from loss. Accordingly, please also review the following issues:

- How does the hospital record and safeguard valuables and personal possessions (e.g., keys, jewelry, identification, credit cards, money) that accompany the client on admission or items acquired during their stay in hospital?
- Are clients provided with a “records or valuables sheet” cataloguing each item with the approximate value of the item?
- What policies and procedures are in place to ensure the safe storage and management of client property?

By agreeing to provide financial services to clients, including the management and disbursement of their monies, hospitals assume responsibility for safeguarding funds and taking the necessary steps to heighten accountability; of necessity, this calls for the development of policies and practices that will reduce the risk of lost funds through theft or accounting error.

As a rights protection organization working on behalf of marginalized and vulnerable individuals, we must work with the hospitals to ensure that the financial management of client accounts is in keeping with the highest industry standard.

Over the coming months, we may ask you for additional information regarding the client money management practices of your facility as part of our province-wide systemic agenda. If you have any questions, please contact your program manager.



David Simpson
Acting Director