

# § 76569. Safeguards for Clients' Monies and Valuables.

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(a) Each facility to whom a client's money or valuables have been entrusted shall comply with the following:

(1) No licensee shall mingle clients' monies or valuables with that of the licensee or the facility. Clients' monies and valuables shall be maintained separate, intact and free from any liability that the licensee incurs in the use of the licensee's or the facility's funds and valuables. The provisions of this section shall not be interpreted to preclude prosecution for the fraudulent appropriation of clients' monies or valuables as theft, as defined by Section 484 of the Penal Code.

(2) Each licensee shall maintain adequate safeguards and accurate records of clients' monies and valuables entrusted to the licensee's care, including the maintenance of a detailed inventory.

(A) Records of clients' monies which are maintained as a drawing account shall include a control account for all receipts and expenditures, supporting vouchers and receipts for all expenditures of monies and valuables entrusted to the licensee, an account for each client and supporting vouchers filed in chronological order. Each account shall be kept current with columns for debits, credits and balance. All of these records shall be maintained at the facility for a minimum of three years from the date of transaction. At no time may the balance in a client's drawing account be less than zero.

(B) Records of clients' monies and other valuables entrusted to the licensee for safekeeping shall include a copy of the receipt furnished to the client or to the client's authorized representative. Each item of client property entrusted to the licensee shall be clearly labeled as that client's.

(3) Clients' monies not kept in the facility shall be deposited in a noninterest-bearing trust account in a local bank authorized to do business in California, the deposits of which are insured by the Federal Deposit Insurance Corporation or in a federally insured bank or savings and loan association under a plan approved by the Department. If a facility is operated by a county, such funds may be deposited with the county treasurer. If the facility is operated by the State, such funds may be deposited with the State Treasurer. All banking records related to these funds, including but not limited to deposit slips, checks, canceled checks, statements and check registers, shall be maintained in the facility for a minimum of three years from the date of transaction. Identification as a client trust fund account shall be clearly printed on each client's trust account checks and bank statements.

(4) A separate list shall be maintained for all checks from client accounts which were returned uncashed to the account within the preceding three years.

(5) Expenditures, for a particular client, or group of clients from the client fund account as specified in (3) above may not exceed the drawing rights that client or group of clients have on the account unless written authorization is obtained from all other clients having drawing rights to that account. Expenditures from the client fund account shall only be for the immediate benefit of a particular client or group of clients. No more than one month's advance payment for care may be expended from a client's account at any given time.

(6) A person, firm, partnership, association or corporation which is licensed to operate more than one health facility shall maintain a separate demand trust account as specified in (3) above for each facility. Records relating to these accounts shall be maintained at each facility as specified in (2) above. Client funds shall not be commingled from one facility with another.

(7) When the amount of client's money entrusted to a licensee exceeds \$500, all money in excess of \$500 shall be deposited in a demand trust account as specified in (3) and (5) above unless a fireproof safe is kept and the licensee desires the protection accorded by Section 1860 of the Civil Code, the licensee shall give notice as provided by the section.

(8) Upon discharge of a client, all money and valuables of that client which have been entrusted to the licensee shall be surrendered to the client or authorized representative in exchange for a signed receipt. Money and valuables kept within the facility shall be surrendered upon discharge and those kept in a demand trust account or with the county or State Treasurer shall be made available within three normal banking days. Upon discharge, the client or authorized representative shall be given a detailed list of the client's valuables as required by Section 76561(a)(19) and a current copy of the debits and credits of the client's monies.

(9) Within 30 days following the death of a client, except in a coroner or medical examiner case, all money and valuables of that client which have been entrusted to the licensee shall be surrendered to the executor, the administrator or guardian of the client's estate in exchange for a signed receipt, or to any person or that person's authorized representative having the right by law to succeed to the decedent's property, upon presentation of a statement signed under penalty of perjury declaring such person's right to receive the property. Whenever a client without known heirs dies, immediate written notice shall be given by the facility to the public administrator of the county as specified by Section 1145 of the California Probate Code and a copy of the notice shall be filed with the Department.

(10) Upon change of ownership of a facility, a written verification by a public accountant of all client's monies which are being transferred to the custody of the new owners shall be obtained by the new owner in exchange for a signed receipt.

(11) Upon closure of a facility, a written verification by a public accountant of all clients' monies shall be submitted to the Department and all clients' monies shall be transferred with the client.

(12) The facility shall have written policies and procedures that protect the financial interests of clients and shall provide for counseling in management of their funds.

(b) Property used by more than one client shall be purchased either with the funds of the clients who use it or by the facility.

Note: Authority cited: Section 208(a), Health and Safety Code. Reference: Section 1276, Health and Safety Code.

22 CCR § 76569, 22 CA ADC § 76569