

<b>DEPARTMENT:</b> Treasury	<b>POLICY DESCRIPTION:</b> Medical Staff Funds
<b>PAGE:</b> 1 of 3	<b>REPLACES POLICY DATED:</b> 8/1/00, 6/1/01, 2/1/12
<b>EFFECTIVE DATE:</b> November 1, 2012	<b>REFERENCE NUMBER:</b> TRE.001
<b>APPROVED BY:</b> Ethics and Compliance Policy Committee	

**SCOPE:** All Company-affiliated hospitals, ambulatory surgery centers and the Corporate Treasury Department.

**PURPOSE:** To establish internal control guidelines for employee involvement in Medical Staff funds.

**POLICY:** Medical Staff funds are typically generated from staff dues collected annually from the medical staff and, from time to time, initial credentialing and biannual recredentialing fees that accompany the application process. There may also be special assessments levied upon the medical staff from time to time upon the call of the Medical Executive Committee (MEC) and in accordance with the facility's Medical Staff bylaws, rules or regulations.

**If a Medical Staff wishes to establish an account for Medical Staff funds, the preferable method is the Medical Staff establishes the account in its own name and with a non-HCA Taxpayer Identification Number (TIN). As the facility has no ownership of these funds, involving facility employees in the custody and accounting functions of the funds is strongly discouraged.**

However, if Medical Staff leadership chooses to have facility employees involved in the custody and accounting of the funds, the Medical Staff must grant facility accounting personnel access to all account information. Additionally, the Medical Staff must agree to specific internal control guidelines to prevent any potential misappropriation of these funds, as defined under "Facility Account on Medical Staff's Behalf" below.

**PROCEDURE #1 (preferred):**

**Independent Medical Staff Account**

1. When the Medical Staff intends to establish its own account, independent of any facility accounts, the Medical Staff shall open an account in its own name. The Medical Staff must not use the facility's TIN to establish or maintain such an account.
2. Facility personnel shall have no custodial or accounting responsibilities. The facility shall have no control over the account and no tax liability for the account (*i.e.*, the account is not recorded on the facility general ledger).

**PROCEDURE #2:**

**Facility Account on Medical Staff's Behalf**

**Establishing the Bank Account**

1. When the facility agrees to utilize the facility name and TIN for an account on behalf of the Medical Staff, the account must be structured as follows:
  - a. The account may be either interest bearing or non-interest bearing.
  - b. Account Name – "Facility Name," Medical Staff Fund.
  - c. TIN – Use the facility TIN.
  - d. Authorized Signers – Use a combination of one member of the Medical Staff and one executive from the facility.

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2. To establish the account:
  - a. The Medical Staff should request the facility open an account for its benefit.
  - b. The facility shall request a bank account number from the local bank.
  - c. The facility shall complete the Bank Account Request Form.
  - d. The facility shall submit the Bank Account Request Form to Corporate Treasury.
  - e. Corporate Treasury will complete and submit all necessary bank documents.

Accounting and Reconciliation Controls

If the preferred method is not followed and facility personnel have custodial and/or accounting responsibilities, stringent internal controls must be in place. The following is a listing of the minimum controls required:

1. A detailed transaction sub-ledger must be maintained. This ledger should include the balance from the previous month and list all current month cash receipts and disbursements, including dates and payee names. It should include any payments received or disbursements made on the Medical Staff account and also reflect any bank adjustments.
2. Facility accounting personnel should be involved in the monthly reconciliation and review of the account.
3. Copies of deposit slips and disbursement records should be forwarded to facility accounting personnel routinely, and activity recorded to the general ledger.
4. When bank statements are received monthly, a copy should be forwarded to facility accounting personnel. A reconciliation should be performed monthly including the following components:
  - a. The bank statement should be compared to cash receipt and disbursement listings to ensure all deposits and disbursements agree.
  - b. Cancelled deposit slips/check images should be included as part of the review to help assess the completeness of deposit transactions and reasonableness of disbursements.
  - c. The bank balance should be reconciled to the ledger balance, with any outstanding and/or unusual items identified and researched timely.
  - d. The reconciliation process must be conducted by someone independent of the check/disbursement process.
5. Blank checks should be maintained in a secure location by someone independent of signature authority on the account.

Transactions Between the Facility and the Medical Staff

If the account incurs bank service fees, the facility should debit the Medical Staff bank account an amount equal to the tax benefit for the service fees.

General Ledger Accounts and Accounting Entries

The fund balance should be recorded on the facility's general ledger as follows:

1. A separate cash account should be established on the facility ledger. This account should reflect a debit balance and agree to the reconciled bank account balance.

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2. An offsetting credit balance should be established to reflect the amount of cash in the account that is owed to the Medical Staff. This contra-cash account should reflect a credit balance equal to the debit balance in the cash account. The account balances should be recorded in the same financial statement code (typically the contra account being the next sequential account number).

**Note that no revenue and/or expense accounts are used in accounting for these funds.**

**If Medical Staff leadership will not grant facility accounting personnel access to the information and documentation required to perform the above controls, the preferred procedure (#1) outlined in this policy must be followed. This procedure prohibits facility employees from any involvement in the Medical Staff funds and the account should not be recorded on the facility general ledger.**

**REFERENCES:**

Non-Facility Owned Funds Policy, [TRE.002](#)