2301.3 Foster Care – Advances to Foster Parents

A. Overview

1. Occasionally, foster parents are faced with purchasing clothing or other items for children, but do not have the funds at that particular time to do so. Funds can be advanced to foster parents by the agency, with the county director's approval.

2. However, there are certain stipulations associated with this type advance.

   a. First, the **funds advanced are county funded, not state**. What this means is, if for some reason the foster parents did not repay the agency for the amount advanced, it would be county funds that must absorb the loss and not State GIA funds. (Checks are written from the Child Welfare Module on SMILE.)

   b. **The advance must be recouped the following month when the per diem check is issued to the foster parents**.

B. Procedures for Advances:

1. The steps to make this type advance are as follows:

   a. Write the advance check to the foster parents through the General Ledger Page. (Example: check amount of $100).

   b. The check entry will record as follows:

	Account	Debit	Credit
A/R – Foster Parent	*127.140	$100.00	
Cash in Bank	114.101		$100.00

   NOTE: *The recommended account number.

2. The following month, the foster parents submit the Foster Care Invoice (Form #526). In addition to the regular per diem, the purchases made with the advanced funds are also included on the invoice (receipts **must** be attached).

   a. The invoice shows per diem for $395.25 and purchases (made with the advance) for $50.00. Total invoice is $445.25. The agency is now able to recoup the amount of the accounts receivable from the check issued to the foster parents.

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      b. When the recoupment takes place, the check (CW transaction) will record as follows:

	Account	Debit	Credit
Direct Benefit to Clients (50101)	622.501	$395.25	
Direct Benefit to Clients (50104)	622.501	$ 50.00	
A/R – Foster Parents	127.140		$100.00
Cash in Bank	114.101		$345.25

3.   To insure the deduction is handled appropriately and COSTAR reports the transaction correctly, the **Child Welfare Code Table** must be updated with the appropriate transaction code and General Ledger "Due From – Other" account , must be set up.

      For example, the transaction code would be a unique code such as **AR** and the **General Ledger Chart of Account** would be the number assigned from the "Due From – Other" group. **The recommended account number is 127.140.**

4.   On the **Child Welfare Transaction Update Screen (COSTAR Transactions)**, the amount recouped would be entered as a negative or minus amount below the totals entered for Per Diem, etc. When the check is written to the foster parents for the foster care invoice, the advance will automatically be deducted.

5.   The deduction will then post against the "Due From – Other" account in the General Ledger causing it to zero out. COSTAR and the MIER; however, will report the total amount of the invoice.