DIRECT PAYMENT BANK ACCOUNTS AND FINANCIAL RECORD KEEPING

Introduction

As a recipient of Direct Payments you must set up a bank or building society account to receive your Direct Payment (DP). You must provide details of this bank account to your funder (social services or NHS).

If you are funded by Hampshire County Council, you will need to contact them.

It is very important that you keep accurate financial records of what you have spent your DP on.

In West Sussex and Portsmouth a copy of your DP bank statement must be sent to your funder each month and a copy kept for your financial records (unless you have a pre-paid card).

Contents

1. Opening a bank or building society account
2. Why do I need to keep financial records?
3. Which financial records should I keep?
   3.1 Keeping a spending record
   3.2 Cheques
   3.3 Timesheets
4. Bank statements

1. Opening a bank or building society account

You must open a current account at a bank or building society to receive your DP money into. This account must be completely separate from any personal accounts that you have.
We recommend that you use a completely different bank for your DP money as some banks have a policy of clearing personal money problems or overdrafts from any other accounts that you may have with them. If you keep your DP money at a different bank it saves this type of confusion.

In order to receive your Direct Payment you only need a basic current account. Some banks will promote ‘enhanced’ current accounts which incur a monthly charge. Banks can describe these as ‘reward accounts’, ‘added value accounts’, ‘premier accounts’ or accounts with ‘additions’ such as discounted services or insurance unrelated to Direct Payments. The council expects DP funds to be used only to pay for costs which are necessary to achieve the outcomes in your support plan. Enhanced bank accounts which charge are not necessary to meet these outcomes and you should not use your Direct Payment to pay these charges.

When you open the account you should request a cheque book and debit card. The cheque book will be useful as you may wish to pay your PA’s by cheque. You should make all payments from your account by cheque, debit card or internet transfer. You should only use cash in exceptional circumstances.

You may want to ask your bank for a signature stamp, if you have difficulty signing cheques. Ink pads are available from stationary shops. If you need a close family member or partner to sign cheques for you, ask the bank about that person being a joint signatory on your DP bank account.

2. Why do I need to keep financial records?

Your DP will be paid into the account monthly or 4-weekly and once you start employing PA’s you will be making regular payments from the account eg PA wages. It is very important that you keep accurate financial records of all these payments.

Financial records are records of money coming into and money leaving your DP account. You must keep them so that you are able to:

- show how much money you have received into your DP bank account and what you have spent it on.
• check whether there are any mistakes on your bank statements.
• track the progress of cheques you have written.
• identify long term trends that lead to your account balance building up or getting low.
• easily answer any questions that your funder may ask about your expenditure.
• demonstrate that the DP money is not your personal income if HMRC or the Department for Work and Pensions enquire.

3. Which financial records should I keep?

3.1 Keeping a spending record
A spending record allows you to record all the money coming into and going out of your DP account- ‘income’ and ‘expenditure’. Your DP bank statement will provide details of incoming and outgoing payments. It is also important to keep receipts and invoices so that you have evidence of exactly what each payment was for. Your spending record might look something like this:

<table>
<thead>
<tr>
<th>Name</th>
<th>K J Smith</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date</td>
<td>1st - 31st May 201</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Income</th>
<th>Date</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1st May 2011</td>
<td>Direct Payment</td>
<td>£120</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Outgoings</th>
<th>Date</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5th May 2011</td>
<td>PA wages Cheque no: 0001 and 0002</td>
<td>£55</td>
</tr>
<tr>
<td></td>
<td>5th May 2011</td>
<td>PA Expenses (see attached receipts) Cheque no: 0003</td>
<td>£10</td>
</tr>
<tr>
<td></td>
<td>9th May 2011</td>
<td>Payroll invoice Cheque no: 0004</td>
<td>£27</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total</td>
<td>£92</td>
</tr>
</tbody>
</table>

Along with your spending record, remember to keep:

✓ Cheque stubs
✓ Invoices
✓ Receipts
✓ Bank statements
✓ Timesheets
✓ Sickness and holiday records
To help you keep your spending record you may find it helpful to use:

**Spending record - support sheet 1.1**

It is vital that you keep receipts for all payments that you make by cash or debit card and that you make a note of what the item purchased was. You should only make payments by cash in exceptional circumstances and you must never pay your PA’s in cash.

### 3.2 Cheques

When you write cheques from your DP account it is important to make a note on the cheque stub of what the payment was for so that you can match it up to your bank statement:

![Cheque Example]

### 3.3 Timesheets

It is also very important that you keep accurate records of the hours your PA’s have worked. You should ask your PA to complete a weekly timesheet. This will give you a record of the hours your PA has worked so that you and your payroll service know how much they should be paid. You should ensure that the timesheet is signed by you and the PA to ensure it is accurate.

If you wish you can use:

**PA timesheet - support sheet 3.4**

You must also keep accurate records of any holiday taken by your PA and any periods that they are off sick.
4. Bank statements

You should ask your bank to send you a monthly statement for your DP account.

You must send a copy of the statement to the finance team of your funder eg WSCC or the NHS. If you have made any internet transfers/card payments you should write on the bank statement what these are for as the statement will only list the organisation you made the payment to. You should also keep a copy of your bank statement for your own records.

This factsheet has been produced by Independent Lives for use within its advice and support services. We aim to ensure the information is as up to date and accurate as possible but do be aware some of the content is subject to change.

If you would like further advice on this topic or to access to any of the factsheets or support sheets referred to in this document please visit www.independentlives.org or call us on 08456 0123 99 or 01903 219482

<table>
<thead>
<tr>
<th>For office use only</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Factsheet number</td>
<td>1.1</td>
</tr>
<tr>
<td>Version</td>
<td>22/11/16</td>
</tr>
</tbody>
</table>