

# **Total Money Management**

**Minimum standards**

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NEW ZEALAND FEDERATION OF  
FAMILY BUDGETING SERVICES (INC.)  
TE RŌPŪ PENAPENA PŪTEA  
WHĀNAU O AOTEAROA

## Introduction

These standards are intended for budgeting services within the New Zealand Federation of Family Budgeting Services (NZFFBS) offering Total Money Management (TMM).

## Definitions

In the context of the NZFFBS, the term “Total Money Management” (TMM) means:

**“ That type of budgeting assistance where the client assigns all or part of their income to the budgeting service, which manages the account according to the agreed budget.**

Budgeting services offering this type of assistance must have special policies and procedures set up, including banking procedures, office systems and reporting. These standards set out the minimum required of a budgeting service offering TMM.

There are two types of TMM: Custodial management and standard management.

“Custodial management” means TMM for clients for whom ongoing education is probably not possible.

“Standard management” means TMM for clients for whom an educational component is part of the budgeting interaction.

In general the Standard management and Custodial management standards are the same, but where they differ it is clearly identified.

### Other definitions

A “support person” means a person who assists the client to make decisions relating to their financial affairs. A support person may actively participate in the budgeting process, representing the client’s best interests. A support person may be (but is not limited to) a family member, caregiver, mental health worker, someone with power of attorney, legal representative, friend.

A “budget plan” means the standard NZFFBS budgeting process as well as any other supports where needed, and includes a year-long cashflow forecast.

An “audit” means a point-by-point review of a sufficient sample of files to satisfy the reviewer.

# Setting up TMM

The budgeting service must have a policy statement on Total Money Management (TMM) made in accordance with the NZFFBS Affiliation Criteria.

Prior to setting up TMM, the budgeting service must have the initiative approved in writing by their District Representative or Regional Representative.

Prior to a budgeting service offering TMM, the service must arrange for everyone who will be involved (including the majority of governance committee members\*) to complete the NZFFBS training module on Total Money Management. This module covers:

- a) TMM principles
- b) An explanation of the risks of TMM
- c) TMM minimum standards
- d) Guidance on how to apply the minimum standards
- e) Practical exercises or scenarios to test the ability of trainees to apply the minimum standards

If a new staff member joins the budgeting service after the TMM training has been conducted, and has a key role in the operation of TMM cases, they must complete the NZFFBS Total Money Management training module before overseeing TMM cases.

If a new staff member joins the budgeting service after the TMM training has been conducted, and has a minor role in the operation of TMM cases, they must first be trained by others within the service who have completed the NZFFBS Total Money Management training module. At the first reasonable opportunity the new staff member must complete the NZFFBS Total Money Management training module.

If a governance committee\* of a budgeting service offering TMM, through election processes or for other reasons, no longer has a majority of members trained in Total Money Management the committee must arrange for a majority of its members to complete the NZFFBS Total Money Management training module at their first reasonable opportunity.

\* In a holistic service, this could be the subcommittee that manages the delivery of budgeting advice.

# Operating TMM

## Assigning cases

Every Total Money Management case is to be managed by a certificated budget adviser as assigned by the budgeting service's policies and procedures.

## Managing transactions

A separate ledger (manual or computerised) shall be maintained for each client.

All ~~monies~~ cash received shall be receipted and no payments to creditors shall be made in cash.

All electronic transactions shall be recorded.

All financial records, including relevant correspondence, are to be retained securely for a period of seven years.

All financial transfers shall be reconciled to bank statements at least monthly.

Signing of all cheques and all equivalent banking transfers must conform to the registered rules of the legal entity that operates the budgeting service. The budgeting service governance committee will decide if the signatories need to be independent of the client case management.

No finances received or paid on a client's behalf are to be deposited into or taken from the budgeting service's business operational accounts. All clients' monies are to be managed in separate account or accounts for that purpose only.

## Handling charges and interest

The budgeting service must not charge the client in any way for providing Total Money Management unless the budgeting service has registered with the Financial Service Providers Register as prescribed by the Financial Service Providers (Registration and Dispute Resolution) Act 2008.

Any interest received by the budgeting service must be accrued to the client's account unless this is specified as a charge to the client and the budgeting service is registered as a Financial Service Provider as above.

# Implementing TMM

## Offering TMM to clients

Every client being offered Total Money Management must be assessed to ensure TMM is right for them. An example assessment form is included as Appendix 1.

Every client accepting Total Money Management is to understand and sign an agreement detailing the responsibilities of each party. An example contract is set out in Appendix 2.

Every client being offered TMM has the option to decline it.

At the initial appointment, the budget adviser will use their best judgement to assess the client's ability to make reasoned decisions relating to their financial affairs. This assessment will be reassessed at each subsequent appointment. If either the budget adviser or client considers the client cannot make reasoned decisions relating to their financial affairs, an appropriate support person will be identified and included in the decision-making process.

## Client education

Total Money Management is a tool to help clients as they learn the skills needed to manage their money themselves.

### Standard management

Standard management must include an education plan aimed at educating the client so they obtain these skills. An example education plan is included as Appendix 3.

### Custodial management

Custodial management is used when the client does not have the capacity to learn these skills. In these cases, an educational plan is not required.

## Client participation

The client (and support person if one is needed) must:

- a) participate in the preparation of a budget plan,
- b) be involved in any reviews of that plan,
- c) understand the implementation of the plan,
- d) agree a timeframe to reassess the need for Total Money Management.

The client participation must be evidenced by the client's signature (or signature of the support person) at each of points a - d above.

The client or client's support person is to be given an explanation of all transactions since the last report, and debt balances (if any):

### Standard management

At least every three months (or on request), in writing and orally.

### Custodial management

At least every six months (or on request), in writing and orally.

## **Support person participation**

Note the definition of “support person” on page 2.

The role of a support person is to assist the client to make decisions relating to their financial affairs. Where the support person is unwilling to help the client in this way, another support person must be found.

Where no suitable support person is found, the governance of the service should consider the possible risks of their ongoing involvement with this client and take appropriate action.

## **Moving from standard to custodial, and vice versa**

From time to time clients initially assessed as needing standard management will be reassessed as needing custodial management. In these instances, the custodial management minimum standards will apply. Rationale for the change will be recorded in writing.

From time to time clients initially assessed as needing custodial management will be reassessed as needing standard management. In these instances, the standard management minimum standards will apply. Rationale for the change will be recorded in writing.

## **Deceased clients**

In the event a client passes away while engaged in TMM services the budgeting service will follow the process outlined in the Unclaimed Monies Act 1971.

# Monitoring TMM

## Supervision

At least six-monthly the coordinator or other designated senior certificated budget adviser, in consultation with the assigned budget adviser, will review each client's case. The purpose of this review is to confirm that TMM should continue to be offered to this client, and standard management clients are following the education plan.

The review will involve all documentation and may be conducted in the presence of the client. (See also Implementing TMM > Client Participation.)

## Inspection and auditing

The budget service's TMM policy statement and its implementation are to be available for inspection by a representative of the NZFFBS.

The client's financial records may be inspected by any of the following:

- The client
- The client's support person
- The budget adviser
- The budgeting service coordinator
- The budgeting service treasurer
- The budgeting service TMM auditor
- The NZFFBS service reviewer
- Funders of TMM

The following ledgers are to be internally audited at least six-monthly:

- Those ledgers that are currently open
- Those ledgers that have been closed since the previous audit.

The budgeting service governance committee will prescribe who will conduct the internal audit and that person will be neither the client's budget adviser nor the person who administers the accounts.

The following ledgers are to be externally audited at least annually:

- Those ledgers that are currently open
- Those ledgers that have been closed since the previous audit.

Note the definition of "audit" on page 2.

The governance committee of the budgeting service will prescribe who will conduct the external audit.

The NZFFBS conducts service reviews which may require spot-check inspections of client files and ledgers. The NZFFBS National Board will prescribe who conducts the service review.

# TMM Assessment form

## TMM minimum standards Appendix 1

Every client being offered Total Money Management must be assessed to ensure TMM is right for them. This form will help you decide if TMM is right for your client, and which form of TMM to choose.

Client's name: \_\_\_\_\_

Date: \_\_\_\_\_

Why is normal budgeting not sufficient for this client?

What specific issue(s) indicate TMM is needed?

What is your recommendation?

Standard TMM

Custodial TMM

What is your rationale for this recommendation?



# TMM example contract

## TMM minimum standards Appendix 2

I \_\_\_\_\_ [name] wish to engage in Total Money Management. I understand this means my budgeting service will receive all or part of my income and use that income to pay the expenses noted in the agreed budget plan.

I also understand and agree that:

1. I will live within the agreed budget plan and not incur further debts.
2. I will receive ongoing budgeting advice and have ongoing contact with my budget adviser.
3. I will review my budgeting progress with my adviser every \_\_\_\_\_ months.
4. I will tell my budget adviser of any changes to my situation which impacts the budget plan.
5. I will determine, in consultation with my budget adviser, which payments are to be made.
6. No money will be paid on my behalf until income has been received.
7. I can look at my financial records at any time by arrangement with my budget adviser.
8. I may withdraw at any time. I will give the budgeting service two week's notice of withdrawal in writing, to allow time for an internal audit of the client file.
9. I give permission for the budgeting service, NZFFBS representatives, and/or funding representatives permission to audit my file to confirm the budgeting service is adhering to its own standards and processes.
10. The budgeting service may choose to stop working with me if I breach this agreement.

Signature of client: \_\_\_\_\_ Date: \_\_\_\_\_  
(and/or signature of support person)

I \_\_\_\_\_ [name] am the budget adviser in this case. I agree:

1. That after consultation with the client, I will instruct the budgeting service on payments to be made.
2. I will provide to the budgeting service all details (creditor names, bank account details, reference numbers, etc) necessary for making payments.
3. I will advise the budgeting service of any changes to payments at least one day prior to the due date of payment.
4. I will have ongoing contact with the client.
5. I will obtain a report from the budgeting service to explain to the client, as needed.

Signature of adviser: \_\_\_\_\_ Date: \_\_\_\_\_

I \_\_\_\_\_ [name] represent the budgeting service in this case. I agree the budgeting service:

1. Will make the payments requested by the budget adviser on behalf of the client, once the client's income is received.
2. Will make any payment alterations made by the budget adviser on behalf of the client.
3. Will not pay any creditors in cash.
4. Will generate a report on request of the budget adviser.
5. May choose to withdraw its services if the client breaches any part of this agreement.

Signed for budgeting service: \_\_\_\_\_ Date: \_\_\_\_\_

# TMM Example education plan

## TMM minimum standards Appendix 3

Total Money Management is a tool to help clients as they learn the skills needed to manage their money themselves. TMM standard management must include an education plan aimed at educating the client so they obtain these skills. This is an example education plan only.

Client's name: \_\_\_\_\_

Date: \_\_\_\_\_

Time period before next review: \_\_\_\_\_

Skills to work on (the long-term plan):

- |  |   |
|--|---|
| <input type="checkbox"/> Understanding what money comes in | <input type="checkbox"/> Ensuring regular payments are made |
| <input type="checkbox"/> Understanding benefit breakdown   | <input type="checkbox"/> Saving for future needs            |
| <input type="checkbox"/> Understanding what money goes out | <input type="checkbox"/> Self-confidence                    |
| <input type="checkbox"/> Spending sensibly, within budget  | <input type="checkbox"/> Involving the family               |
| <input type="checkbox"/> Writing and prioritising a list   | <input type="checkbox"/> Commitment to change               |
| <input type="checkbox"/> Using a calculator                | <input type="checkbox"/>                                    |
| <input type="checkbox"/> Dealing with creditors            | <input type="checkbox"/>                                    |
| <input type="checkbox"/> Appropriate use of credit         | <input type="checkbox"/>                                    |
| <input type="checkbox"/> Avoiding debt                     | <input type="checkbox"/>                                    |

Skills worked on this session:

- |                          |                          |
|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> |
| Evidenced by:            | Evidenced by:            |
| <input type="checkbox"/> | <input type="checkbox"/> |
| Evidenced by:            | Evidenced by:            |

Skills we will work on at next appointment (the short-term plan):

- |                          |                          |
|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> |
| By doing this:           | By doing this:           |
| <input type="checkbox"/> | <input type="checkbox"/> |
| By doing this:           | By doing this:           |