

RECEIVABLES – Section 4

- 1.0 Billing Procedures (Excluding BIS, Appropriation 831) – Rescinded
- 2.0 Debt Collection Policies – External Parties
 - 2.1 Receivables to Other DHFS and State Agencies
 - 2.2 Grants Receivables (CARS)
- 3.0 Salary Overpayments: Responsibilities for Recovery
 - 3.1 Notification of Salary Overpayments—Rescinded
 - 3.3 Repayment and Deposit of Salary Overpayments and Voluntary Deductions
- 5.0 Accounts Receivables Aging Reports
 - 5.1 Reporting Collection Agency Referrals –Rescinded
 - 5.2 Annual Report of Receivables – Institutions and Divisions
 - 5.3 Reconciliation of FMS Accounts Receivable Balances to Annual Report of Receivables – Rescinded
- 6.0 Write-off of Accounts Receivable

SUMMARY OF RECEIVABLES

A receivable is defined as an amount of money due. In addition to regular billings, receivables include such items as overpayments to vendors, clients, or employees; over-reimbursements on contracts, results of audit findings that reflect amounts to be returned and all similar items.

All receivables must be promptly billed. Any decision not to bill valid obligations or any decision to cancel valid existing obligations needs the approval of the appropriate authority. Receivables are to be recorded on the fiscal system monthly and reconciled monthly to the subsidiary records by an independent person.

Adequate separation of duties must be maintained over receivables records, including a division of responsibility between the person who maintains receivables records, the person(s) who receive and deposit cash, and the person who reconciles the receivables records.

It is the responsibility of each organization to establish, within the Department of Health and Family Services (DHFS) policies and procedures, the terms and/or conditions for payment at the time an account is created and to monitor accounts receivable regularly. If payment is not received within 30 days, collection efforts must be made, including referral to a collection agency, if needed. The collection effort should be proportional to the amount of money due. Any amount over \$100 requires a concerted and thorough collection process. **RECEIVABLES 2.0** detail debt collection policies and **RECEIVABLES 2.1** sets departmental policy for DHFS and other state agency receivables. **RECEIVABLES 2.2** provide collection procedures for grants receivables.

Each organization shall age accounts receivable at the end of every quarter. A quarterly report shall be submitted to the Chief of the Bureau of Fiscal Services (BFS)-Special Services & Financial Statements (SSFS) including information required by **RECEIVABLES 5.0** (Accounts Receivable Aging Reports). This information is compiled and sent to the Department of Administration (DOA) by BFS. Procedures for the annual report of receivables and reconciliation are detailed in **RECEIVABLES 5.2**.

Write-offs of uncollectable accounts must be approved by an independent person, preferably the Management Director. All write-offs must be documented as to collection efforts. All write-offs of \$1,000 or less require BFS approval. All write-offs greater than \$1,000 require DOA approval. Policies for the write-off of receivables are described in **RECEIVABLES 6.0**.

When an employee is overpaid by the State, it is the responsibility of the payroll person of the organization to immediately notify BFS and BPER of the overpayment. See **RECEIVABLES 3.0 & 3.3** for these important procedures.