



ACCOUNTING POLICY AND PROCEDURES (APP) MANUAL

TOPIC: Section 1 – Business Standards 1.0	EFFECTIVE DATE: 01/26/1983
TITLE: Basic Standards for Financial Transactions	REVISION DATE: 11/13/2018
AUTHORIZED BY: Deputy Director, Bureau of Fiscal Services	

BACKGROUND

The Department's expectation is that the Bureau of Fiscal Services and other organizational units carry out different, but when added together, complete responsibilities to manage the resources allocated through the policy making process. All financial transactions (vouchers, purchase orders, etc.) and payments submitted from divisions, or originating in BFS, need to meet several basic financial policy standards. This policy lists the standards and emphasizes some key areas.

POLICY

The Bureau of Fiscal Services' responsibility, in part, is to assure that all Department units are meeting their control responsibilities as they relate to financial transactions and that policies governing these documents are available and being applied consistently throughout the Department. These controls will be accomplished as follows:

- BFS will develop and make available clear fiscal policies and guidelines through issuance of revised and codified accounting manuals and processing instructions. The main manual is the Accounting Policy and Procedures Manual (APP) found on the Department's website. Major changes or updates will be published routinely. In addition, a list of basic standards for transactions is shown below.
- BFS staff will provide training and technical assistance to divisions to assist them in meeting their responsibilities.

Financial procedures that divisions use to meet their responsibilities may be reviewed periodically by the Department's Expenditure Accounting Section and its Internal Audit unit.

Individual financial-related documents may be selected on a random sample basis for review. Any errors noted will be communicated to the divisions for their follow-up.

BASIC STANDARDS FOR TRANSACTIONS FLOWING
FROM DECENTRALIZED AND CENTRALIZED FISCAL UNITS

1. The transaction is in compliance with Department policies and the State's statutes, rules and regulations.
2. The document is mathematically accurate and complete.
3. The transaction has been properly authorized and required signatures are affixed to the document.
4. The account coding is valid and accurate, and proper authorization and/or receipt of goods is assured before input in the accounting system or check writing process.
5. Sufficient fiscal resources authorized by the Budget Act are available to cover the transaction.
6. For transactions requiring a contract, such contract has been fully executed (signed by Department and Provider), and is on file within the Department. See also Section 15 – Fiscal Administration of Grants and Contracts 1.0, and 3.1.
7. The transaction, even though technically accurate, does not fall outside statutory or budgetary intent.
8. Under usual business circumstances, grants to providers, counties and non-profit organizations are provided and governed by the Wisconsin Statutes and federal regulations related to the program and funding formulas of the Department. These statutes and federal provisions should be followed. However, there are circumstances where the Department may grant funds on an infrequent basis to programs outside of the usual funding formulas. This policy provides minimum criteria which shall be followed when making grants to non-profit agencies.

Whenever grants are made by the Department of Health Services, the following minimum criteria should be followed:

A contract or agreement shall be signed by the Division Administrator and the receiving agency prior to funds being disbursed. This agreement shall contain the following:

- a. Purpose of grant, benefit, or service to the State; necessity or accomplishment expected.
 - b. A report of expenditures after grant period should be required normally unless waived by the Bureau of Fiscal Services.
 - c. An evaluation of the grant program, after grant period, should be required where appropriate.
 - d. Any other requirement of the granting organization, Wisconsin Statutes or funding source.
9. Internal policies and fiscal monitoring in BFS and the division program or granting units should assure that State GPR funds don't carry a disproportionate share of expenditures when these are programs funded through GPR and federal allocations.
 10. When federal funds can be successfully claimed which are not included in the biennial budget, **and** the funds are either reimbursement for past GPR expenditures or payment for expense which would otherwise be billed to GPR budgeted for that purpose, the typical result should be a lapsing of the funds (either federal reimbursement, or GPR saved through federal billing). This includes successfully claiming federal funds at a higher matching ratio than budgeted. In some cases, it is desirable to recommend that funds not lapse but be

made available for programmatic use; in this case, opportunity for legislative review of proposed expenditures should be provided.

This guideline does not intend that the details of every specific federal grant must be foreseen in the biennial budget process or subsequently reviewed. Project specific federal funding, for purposes not explicitly planned in the State's budget, but consistent with a broader program and budget authority, may be received and expended for the project purpose, using existing State processes for approving and administering such grants. (See also Section 14 – Federal Funds 2.0).

11. Except where otherwise required by law or regulation, all financial statements shall be prepared according to generally accepted accounting principles. Notes disclosing the basis of accounting and any special items should be an integral part of the statements.
12. Financial reports, including federal claims, annual or interim financial statements, etc. shall be complete, accurate and prepared in accordance with applicable standards, supported by and reconcilable to the accounting system and prepared or reviewed by the Director's Office (BFS) or Section Chief prior to issuance.

REFERENCES

[DHS APP Section 15 – Fiscal Administration of Grants and Contracts 1.0](#) (Grant and Aid Contracting)

[DHS APP Section 15 – Fiscal Administration of Grants and Contracts 3.1](#) (Payment Criteria – Aids to Organizations and Local Assistance Contracts/Grants)

[DHS APP Section 14 – Federal Funds 2.0](#) (Administration of Joint Funded Programs and Excess Federal Revenue)

CONTACTS

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