



ACCOUNTING POLICY AND PROCEDURES (APP) MANUAL

TOPIC: Section 15 – Fiscal Administration of Grants and Contracts 3.1	EFFECTIVE DATE: 03/09/1987
TITLE: Payment Criteria – Aids to Organizations and Local Assistance Contracts / Grants	REVISION DATE: 02/01/2019
AUTHORIZED BY: Deputy Director, Bureau of Fiscal Services	

BACKGROUND

Wis. Stat. § 46.036 allows payments to providers under contract to be made on the basis of actual allowable costs and on the basis of a unit rate per client service. It also specifies that the purchaser in this case the Department, can negotiate and agree on a total reimbursable cost. Provider accounting systems, reporting requirements and audit requirements can also be specified.

Because Wis. Stat. § 46.036 covers only contracts which purchase care or services for Department clients, many aid contracts/grants administered throughout the Department do not fall under the criteria of this statute. However, no other written payment guidelines currently exist to cover aid contracts/grants not subject to Wis. Stat. § 46.036. Therefore, this policy defines payment criteria for those aid contracts/grants (including non-governmental and governmental agencies). This policy is needed to comply with federal cash management requirements and to prevent excess state funds retained by the provider.

In addition, DHS APP 1.0, Section 1 Business Standards, requires that for transactions under a contract, such contract must be fully executed (signed by the Department and the provider), and is on file within the Department. The policies also require the use of standard or approved contracts established by the Division of Enterprise Services (DES), and the Office of Legal Counsel. Standard contract language can be found on the Bureau of Procurement and Contracting (BPC) Guidance Suite (Share Point) Site.

POLICY

The Department will make payments for actual costs reported. The CARS Unit shall generate payment data for those programs for which the Department has a signed contract. Appropriate documentation including executed contracts/signature pages signed by all parties shall be submitted to the Bureau of Fiscal Services (BFS) CARS Unit prior to payments being processed and paid.

A reconciliation of payments to reimbursable costs as reported by the provider agency shall take place within a time frame of closing out the contract. The date for submission of the agency final expense reimbursement report is listed in the contract.

Agencies with financial or audit difficulty.

Limiting or withholding payments may be appropriate to take when there is financial difficulty or audit concerns and information indicates that department funds may be jeopardized. Program divisions in conjunction with BPC and the BFS Expenditure Accounting Section are responsible for determining if there are circumstances where special contract language, including modifying payment contract provisions, is needed to protect Department interests. BPC under its contract

administration authority conducts reviews for state and federal compliance requirements including audit determination for each contract. Some of the reviews and procedures include:

- A. If the non-governmental provider agency has no prior contracting history with the Department, but has a prior audit report(s) indicating significant financial difficulty, payment language may be limited in scope.
- B. If the non-governmental provider agency vendor has a prior contract history with the Department, payment language may be limited in scope if the agency has:
 - An outstanding account receivable or has not been timely in satisfying either an account receivable or an audit adjustment during the prior contract period; or
 - A history of unjustified late reporting.
- C. A list of agencies that meet the criteria in item B above will be maintained for Department review. BFS and BPC management will determine which agencies to include on this “high risk vendor list”. Payment language modification based on this may be appropriate if a provider is on the high risk vendor list
- D. Once the agency completes a contract cycle in good compliance, standard payment language can be approved and an agency can be removed from the high risk vendor list. Good compliance includes, but is not limited to, filing timely expenditure reports, responding in a timely manner to all requests for information, or repaying any outstanding account receivable or audit adjustment.

REFERENCES

[Wis. Stat. § 46.036](#)

[DHS APP Section 15 – Fiscal Administration of Grants and Contracts 4.0](#) (Standard Procedures for Developing and Processing Aid Payments)

[DHS APP Section 1 –Business Standards 1.0](#) (Basic Standards for Financial Transactions)

CONTACTS

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