



ACCOUNTING POLICY AND PROCEDURES (APP) MANUAL

TOPIC: Section 4 – Receivables 2.2	EFFECTIVE DATE: 03/31/1995
TITLE: Grants and Aid Payment Receivables	REVISION DATE: 03/13/2017
AUTHORIZED BY: Deputy Director, Bureau of Fiscal Services	

BACKGROUND

Grants receivables occur when overpayments have been made to a supplier/agency and when reported expenses, if any, are not sufficient to earn all disbursements made under the grant.

Identification and collection of grants receivables are joint responsibilities of the program division and the Bureau of Fiscal Services (BFS) – Expenditure Accounting Section.

POLICY

Departmental policy is to identify and collect grant receivables in an efficient, prompt manner and to maximize collections. Wherever possible, receivables should be identified and collected within 90 days of contract cancellation or 90 days after contract closeout if there is no continuing contract.

If further collection efforts are needed, referral by the Community Aids Reporting System (CARS) Unit staff to the Revenue and Cash Management Section will occur. Using the STAR Accounts Receivable Module, the Revenue and Cash Management Section will refer the collections to the Department of Revenue (DOR) and/or Wisconsin Department of Justice (DOJ) if necessary.

The BFS CARS Unit responsibilities and those of the program divisions who contract with grant and aid providers are described below.

BFS CARS Unit Responsibilities

1. **Determination of Liability.** The BFS CARS Unit shall determine if overpayments or unearned payments have been made and shall promptly initiate collection efforts based upon available information.
2. **Continuing Contracts.** During the contract year, receivables shall be offset against any current contracts. Any amount due to the Department will be recouped against continuing contracts.
3. **Cancelled or CLOSED Contracts.** Program Divisions shall notify the BFS CARS Unit immediately when contracts are cancelled, when a contract is reduced to zero, or when a contract is closed. The BFS CARS Unit will send, within 30 days, correspondence to the vendor requesting any repayment. The correspondence shall specify that the vendor may meet their obligation to repay unearned grant funds by sending a valid expense report or a check to DHS. CARS Unit staff will determine if a final expense report is allowable, on a case-by-case basis, after consultation with the grant administrator in the program divisions.

Provider agencies and vendors whose contract has been terminated and a final expense report allowed shall have up to 90 days to file a final report; however, correspondence will be sent after 30 and 60 days.

If any overpayments have not been received, the receivable shall be recovered through subsequent contract payments or transferred to the STAR Receivable system. The BFS CARS Unit will prepare the necessary journal voucher using account information provided by the program division or lead accountant.

4. **Address Unknown.** When correspondence is returned "address unknown," the BFS CARS unit shall forward the agency name, agency number and last known address to the program division and request that a current address be obtained and forwarded to the BFS CARS Unit.
5. **Write-off Requirements.** The BFS CARS Unit has the authority to write off amounts up to \$5 without collection efforts. In addition, if collection efforts required by APP Section 4 – Receivables 2.0 have been met, amounts up to \$50 may be written off by the BFS CARS Unit.
6. **Annual Receivables Report.** The BFS CARS Unit shall prepare an annual receivables report in accordance with APP Section 4 – Receivables 5.0. For internal monitoring purposes, all receivables greater than 90 days shall be detailed by provider, amount and status.

Program Division Responsibilities

1. **Vendor Information.** The program division shall promptly provide up-to-date information to the BFS CARS Unit regarding any circumstance that may result in an overpayment or unearned payment. This information includes, but is not limited to, telephone numbers, address changes, nonperformance of grant conditions, and names and addresses of agency officers where known. If information is not made available within 30 days, the BFS CARS Unit shall transfer the receivable to the program division for collection.
2. **Cancellation of Contracts.** Program divisions shall notify the BFS CARS Unit immediately when contracts are terminated before the contract end date.
3. **Accounting Information.** The program division or lead accountant shall promptly provide accounting string information for the transfer of receivables to the BFS CARS Unit. The BFS CARS Unit shall prepare the expense adjustment and obtain approval of the adjustment from the program division or lead accountant.
4. **Address Unknown.** Correspondence returned with "address unknown" will be forwarded to the program division by the BFS CARS Unit, and the program division shall undertake immediate efforts to determine the correct address, including use of directory assistance, Department of Transportation – Division of Motor Vehicles and information obtained by the program division's contract administrator. If a current address is located, the program division will forward it to the BFS CARS Unit. If a current address has not been located within 30 days, the program division will notify the BFS CARS Unit to transfer the receivable for collection.
5. **Further Collection Efforts.** Upon transfer of the receivable to the program division, the program division shall perform additional collection efforts required by APP Section 4 – Receivables 2.0.
6. **Write-off Requests.** Write-off requests shall be in accordance with APP Section 4 – Receivables 6.0.

REFERENCES

[DHS APP Section 4 – Receivables 2.0](#) (Debt Collection Policies)

[DHS APP Section 4 – Receivables 5.0](#) (Accounts Receivable Aging Reports)

CONTACTS

[CARS Unit, Expenditure and Accounting Section](#)

[Accounts Receivables Specialist, Revenue and Cash Management Section](#)