



## 1510: General Accounting Procedures

The financial record-keeping as described here is essentially a cash system in that:

- Only actual receipts and expenditures are recorded.
- No provision is made for the recording of anticipated receipts or unpaid obligations.
- GA funds are maintained separate and apart from all other funds.
- Interest earned on GA taxes must be deposited in the GA Fund.
- All disbursements of GA funds are made by use of serially numbered checks.
- Bank statements, deposit slips, canceled checks, and the monthly bank reconciliation pertaining to GA funds become a part of the accounting records and are retained accordingly.
- GA Units are required to adopt the following system of recordkeeping:
  - a. **Receipts**  
Record all **receipts** in the GA Ledger when deposited.
  - b. **Disbursements**  
Record all **disbursements** in the GA Ledger when the checks are issued.
  - c. **Unpaid Bills File**
    1. Retain the file copies of **Disbursing Orders** in numerical sequence until the original is returned for payment. If file copies are retained after payment is made, record the check number and date of payment on each copy retained. Void any Disbursing Order not presented for payment by a vendor within 6 months and remove from the unpaid file.
    2. Retain the file copies of **medical bills submitted for review** in alphabetical order by name of vendor. Resubmit medical bills to the DPA Bureau of Claims Processing for review and approval of charges prior to payment if:
      - more than 60 days have passed since the bill was first submitted, **and**
      - DHS has never reported on a Remittance Advice that the bill was delayed in processing.Advise the medical provider to resubmit a new medical bill to the GA Unit. Photocopies or file copies of the original bill cannot be processed. Retain a file copy of the resubmitted bill.  
  
Promptly pay (within 30 days) approved medical bills after return from the DPA Bureau of Claims Processing. If file copies are retained after payment is made, record the check number and date of payment on each copy retained.
    3. Retain **other unpaid bills** (invoices, statements, bills, etc.) received, for which payment has not been made, in alphabetical order by name of vendor. Before filing, check for accuracy of unit prices, extensions, footings, and totals. Resolve any questions relative to billings with the appropriate vendors prior to payment.
    4. Purge the unpaid files monthly to remove any bills over 6 months old. Maintain purged bills in a suspense file until cleared in the next audit by the DHS Bureau of Internal Audits. Then destroy.

### d. Paid Bill File

File paid bills, invoices, statements, schedules, etc., in a manner that permits each bill to be readily located. At the time payment is made, record the check number and date of payment on each item. When more than one item is paid by a single check, staple the items together and record the check number and date of payment on each item.

### e. Reports

In addition to the routine monthly financial reports, the DHS Office of Fiscal Services annually requests specific data relative to tax levies, tax extensions, tax collections and interest paid on tax anticipation warrants.

**f. Guidelines To Request/Write-Off Medical Refunds**

Medical refunds occur when a medical provider (doctor, hospital, pharmacy, etc.) receives more in payment for a medical service than is allowed by DPA rates. Repayment can be made by cash payment or deductions from future payments owed the provider.

When deducting the overpayment from a future payment due the provider, advise the provider in writing of the amount being deducted.

If the refund due the GA Unit is less than the payment owed the provider, issue a payment equal to the difference. Send the notice advising of the amount being deducted with the payment.

If the refund due the GA Unit equals or exceeds the payment due the provider, do not issue the payment. Send the notice advising that the payment was kept to offset the refund. Also advise of the new amount due.

Record any information regarding the refund and keep available until cleared by a DHS audit.

When a refund cannot be obtained as a deduction from a future payment owed the provider (e.g., future billings are not received from a provider) use the following guidelines to request a refund of a medical overpayment:

1. When the overpayment is identified, document the amount and nature of the refund due the GA Unit.
2. Contact the provider in writing, explain how the overpayment occurred, and request a refund either:
  - by payment in full, or
  - as agreed to by both parties.
3. If the provider disputes the amount of the alleged overpayment, review the payment including any information submitted by the provider. If an adjustment is required, advise the provider in writing of the revised refund due.
4. If the provider refuses to agree to refund the overpayment, the GA Unit may refer the case to its legal representative (State's Attorney or private attorney) for consideration of legal action.
5. If the account is deemed inappropriate for legal action by the GA Unit or legal representative (e.g. cost of taking action exceeds amount of refund to be recovered, etc.), the refund may be written off as uncollectible if:
  - the provider has been declared bankrupt, has undergone corporate dissolution or is deceased; or
  - the provider has stopped providing services to GA clients for at least 18 months and the GA Unit's attempts to collect the refund, including legal enforcement, have been unsuccessful; or
  - the provider has relocated in another area or the service was from a provider outside the GA Unit's area of responsibility (township or county) **and**:
    - the refund has been outstanding for 5 years, **and**
    - collection efforts have been unsuccessful, **and**
    - the account was reviewed and deemed inappropriate for legal action.
6. When an account is written-off as uncollectible, retain the following information on the account:
  - Name of provider;
  - Federal Employer's Identification Number (FEIN) or Social Security Number;
  - Amount of debt;

- Services provided;
- Dates of services;
- Contacts with provider and response to request for refund;
- Collection efforts made;
- Date of write-off;
- Rate schedules establishing the appropriate amount to pay the provider; and
- Related client case name and number.

Retain the above information until the account is cleared by a DHS audit.

7. Credit any refund made by the provider after the account is written-off to the account. However, no additional collection activity is required.

**g. Requests For Write-Off Other Than Medical Refunds**

An account receivable other than a medical refund may only be written-off with DHS approval. Initiate a request to the DHS Bureau of Operations Support to write-off the refund. Include in the request the nature of the overpayment, how it occurred, who owes the refund, attempts to collect it, and any other related information to assist DHS in making a decision. The DHS Bureau of Operations Support advises the GA Unit of the decision.