

Administrative Policy No. 19.70.62

Subject: Exception Payment Use

Contact: Office of Accounting Services
Chief, (360) 664-5716

Authorizing Source: State Administrative & Accounting Manual (SAAM)
[85.32.10 Agency Responsibilities](#)
[85.32.15 Special Definitions](#)

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Approved By: Original signed by Judy Fitzgerald
Assistant Secretary / Chief Financial Officer
Facilities, Finance, and Analytics Administration

Purpose

This policy establishes the agency's policies and procedures for making payments without a statewide vendor number.

Scope

This policy applies to all Department of Social and Health Services (DSHS) programs.

This policy does not apply to payments made through client services payment systems (e.g. Social Service Payment System (SSPS), the Service Tracking and Reporting System (STAR), ProviderOne, Individual ProviderOne, and the Automated Client Eligibility System (ACES)).

Additional Guidance

[Department of Enterprise Services WEBS Registration & Search Tips](#)
Office of Financial Management (OFM), [Exception Codes to Make Payments](#)
DSHS Office of Accounting Services, [Exception Code Procedures](#)

Definitions

Agency Financial Reporting System (AFRS) is the State of Washington's official accounting system.

Exception Payment is a one-time payment that is not tax reportable and does not have a statewide vendor number.

Exception Payment Codes are codes established by the Office of Financial Management (OFM) for use when making specific payments when no statewide vendor number exists.

Exception Code Procedures is the list posted on the Facilities, Finance, and Analytics Administration, Office of Accounting Services (FFAA/OAS) intranet that contains all the allowable exception code transactions and the information to be used in the invoice field on the payment document.

Independent Reviewer is an individual staff member that was not involved in the processing, review, approval, or release of the exception code transaction

IRS is the federal Internal Revenue Service.

Program means the affected DSHS programs, including the division, office, or staff designated by the assistant secretary or division director as being responsible for compliance with this policy.

Policy

A. The Office of Accounting Services (OAS), within the Facilities, Finance, and Analytics Administration (FFAA), must monitor and enforce agency policies and procedures that regulate the use of Exception Payments.

1. OAS must:
 - a. Maintain a list of valid exception payment transaction types.
 - b. Monitor the use of exception payments.
 - c. Distribute an exception payment report to programs by the 10th of each month.
2. Programs must:
 - a. Respond to OAS requests for information by the 20th of the month about how the exception payment is used, and take remedial action if appropriate.

B. The use of exception payments is restricted to the following situations:

1. The payment is on the Valid Exception Payment Codes List.
2. The payment is a valid, one-time only, non-taxable payment.
3. Program staff have received prior OAS approval for an exception to policy.

C. The use of exception payments is not permitted for the following situations:

1. Payments for services.
2. Vendors registered in AFRS.
3. Legal settlements where the payment is made to the attorney.
4. Payments to DSHS employees when a vendor number exists.

Procedure

A. To make an exception payment:

1. Program staff must:
 - a. Ensure that other payment options are not viable (i.e. statewide vendor number).
 - b. Select the Exception Code that fits the payment circumstance as outlined in [Using Exception Codes to Make Payments](#).
 - c. Select the appropriate Invoice Description from the Exception Code Procedures based on the payment circumstance.
 - d. On the Financial Toolbox, enter the Vendor Name, Address, City, State, Zip Code, and add the AFRS column 'EC'.
 - i. Column with the header 'EC' is where the selected Exception Code will be placed.
 - ii. The Invoice Description must be entered into the AFRS 'Invoice Number' field exactly as it reads on the [Exception Code Procedures](#) including spaces or no spaces.
 - e. Submit payment for processing.

For more information, please see [Exception Code Table](#)

B. To conduct the monthly review of exception payments:

1. OAS staff must:

- a. Send the list of exception code transactions to each program each month in an electronic format.
 - b. Make corrections to statewide vendor number after notified by program staff.
2. Program staff must:
- a. Select an independent reviewer to evaluate the list of exception code transactions received from the OAS. This review includes:
 - i. Notifying the OAS of the correct vendor number to be used, or
 - ii. Have the vendor submit a Statewide Vendor Registration request and a completed W9 to WaTech, if necessary.
 - iii. When updated vendor registration is received, notify OAS to correct the payment to the updated vendor number.
 - iv. Providing an explanation of why a correct vendor number or a vendor registration request and W9 are not available.
 - b. Once the review is completed, return the report electronically with verification the transactions have been reviewed and explanations provided.
- C. To request an exception payment not on the Valid Exception Payment Codes List:**
1. Program staff must:
 - a. Identify situations where an exception payment is desired, but no invoice descriptions exist.
 - b. Contact OAS staff for approval at vendreg@dshs.wa.gov.
 2. OAS staff must:
 - a. Research request.
 - b. Notify program staff of action to take, as needed.