Administrative Policy No: 19.85.41

Subject: Belated Claims

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

Authorizing Source: OFM, State Administration & Accounting Manual (SAAM) Section 85.40, Belated and Sundry Claims

Effective Date: April 9, 2008

Revised: July 21, 2016

Approved By: original signed by Avanulas (Vann) Smiley
Chief Financial Officer/Assistant Secretary

Purpose

To establish policy related to the identification and payment of belated claims.

Scope

This policy applies to all Department of Social and Health Services (DSHS) programs for all goods and services supplied by all contractors, providers, vendors or other state agencies paid manually or through an automated system.

This policy does not apply to non-appropriated accounts.

Additional Guidance

DSHS Administrative Policy 19.85.40, Timely Submittal of Claims
Liquidation Monitoring Flowchart (attached)

Definitions

Appropriated Accounts are the legislative authorization for an agency to make expenditures for specific purposes from designated resources available or estimated to be available during a specified time period.
Belated Claim is an obligation of appropriated accounts for goods and services, which are received on or before June 30, but are not accrued in the concluding appropriation period. Shortages in estimated accrued expenditures/expenses are also treated as belated claims of the prior appropriation period.

Claim is a paper or electronic request for payment submitted by a contractor, provider, or vendor.

Contractor is any person, business, non-profit, or government entity who provides services to DSHS under a contractual agreement and not as an employee of DSHS.

Inter-Agency means financial transactions between state agencies.

Non-Appropriated Accounts are funds that can be expended without legislative appropriation. Only funds in accounts specifically established in state law as being exempt from appropriation fall into this category.

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.

Provider or Vendor is any person, business, non-profit, or government entity who provides goods/services to DSHS or its clients. A vendor may or may not have a contractual agreement.

Third Year Liquidation Waiver is a waiver granted by the Office of Financial Management (OFM) to allow DSHS to liquidate accruals for a 3rd year when the State Administrative and Accounting Manual (SAAM) 90.20.45 states that agencies only have two years to liquidate accruals.

Policy

A. DSHS program staff must determine if a claim is belated. A belated claim can be:
   1. An item that had not been accrued or was insufficiently accrued
   2. Where liquidation authority has been exhausted
   3. Or when an invoice is from a prior-prior period

   The type of goods and services will determine the timeframe for when a belated claim is required.

   1. Inter-agency Payables:

      Belated claims are for goods or services provided by other state agencies and received in the PRIOR state fiscal year but were never accrued OR accrued for less than the actual invoice.
For example, DSHS was billed in September 2015 (SFY16) for a service performed in June 2015 (SFY15) that had not been accrued. A belated claim must be submitted to OFM because DSHS did not accrue the payable in SFY15.

2. For Non-Client Services (DSHS Operations): Effective for payments being made on or after July 1, 2016

Belated claims are for those goods or services that are part of the normal DSHS operations (i.e. non-client services) and where the item was not accrued, the invoice was for more than the original accrual, the program’s liquidations have exceeded their accrual balance OR when the item is invoiced more than two years beyond when the good or service occurred.

Example #1 – DSHS was billed in December 2015 (SFY16) for a non-client service performed in April 2014 (SFY14). Because this item is for a service provided with in the two fiscal years (SFY14 and SFY15) following the date of the service, DSHS may make payment and DOES NOT require approval from OFM through the belated claim process.

Example #2 – DSHS was billed in December 2015 (SFY16) for a non-client service performed in July 2014 (SFY15). However, the agency no longer has an accrual balance remaining in the fund, which is applicable. Prior to making payment, a belated claim must be submitted to OFM because DSHS did not accrue a sufficient amount to cover the invoice.

3. For Client Services (usually object N):

Belated claims are for client goods or services that were received in a prior-prior biennium, but were never paid for OR when the original accrual was not sufficient to cover the expenditures being invoiced. These services are covered by the third year liquidation waiver.

Example, DSHS was billed in December 2015 (SFY16) for a service performed in December 2012 (SFY13). A belated claim must be submitted to OFM because DSHS no longer has spending authority for the 11-13 Biennium. (Refer to the attached flow chart for a visual aid).

B. The Office of Accounting Services (OAS) is responsible for submitting all belated claims to Office of Financial Management (OFM).

C. DSHS must receive approval from the OFM prior to paying belated claims from appropriated accounts.
D. **DSHS must have unexpended expenditure authority from the applicable prior period to satisfy the belated claim.**

In the event DSHS as a whole and at fund level does not have sufficient expenditure authority remaining from the prior applicable period to cover the invoice, DSHS must request legislation for appropriation authority for the amount needed before the belated claim can be paid. This is performed through the supplemental budget process.

E. **All belated claims must be coded and charged as current year appropriation expenditures once they have been approved by OFM or the legislature.**

Procedures

A. **Program staff determine whether a belated claim is warranted:**

For claims that were not submitted timely, but are otherwise payable as prescribed in Administrative Policy 19.85.40, program staff determine whether or not the claim is belated.

B. **If program staff determine a belated claim is warranted, send a written request to OAS with the following information:**

1. Name of the contractor, provider, or vendor.
2. Date of receipt of goods or services.
3. Claim amount.
4. Account (fund) and appropriation that should have been charged, had the claim been paid timely.
5. Account (fund) and current period appropriation to be charged.
6. Explanation for the delinquency of the claim.
7. Copy of claim/invoice

C. **Financial Services Administration (FSA) determines if adequate prior appropriation authority exists from the fiscal year DSHS received the goods or service.**

1. If adequate prior appropriation authority exists, OAS submits a written request to OFM for approval to pay the belated claim.

2. If adequate prior appropriation authority does not exist for DSHS as a whole or by fund, OAS notifies the Central Budget Office and the Program staff that DSHS needs to request authority from the legislature through the supplemental process.

D. **Once approval is received from OFM or the Legislature, FSA will instruct the Program staff to pay the belated claim.**
LIQUIDATION MONITORING FLOWCHART
13-15 and 15-17 Liquidation Process
<table>
<thead>
<tr>
<th>Biennium</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>13-15</td>
<td>FY10 Accruals continue to be liquidated using appropriation 011.</td>
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<td>At this point, we will not continue to monitor the liquidations of the FY10 Accruals.</td>
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<tr>
<td>11-13</td>
<td>FY11 Accruals begin to be liquidated using appropriation 012.</td>
<td>FY11 Accruals continue to be liquidated using appropriation 012.</td>
<td>At this point, we will not continue to monitor the liquidations of the FY11 Accruals.</td>
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<td></td>
<td>FY12 Accruals are made (FMs 1312 &amp; 1399).</td>
<td>FY12 Accruals begin to be liquidated using 1st year appropriations (e.g. AA1, EA1, FA1).</td>
<td>FY12 Accruals continue to be liquidated using appropriation 011.</td>
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<td>FY13 Accruals are made (FMs 1324 &amp; 1325).</td>
<td>FY13 Accruals begin to be liquidated using appropriation 012.</td>
<td>At this point, we will not continue to monitor the liquidations of the FY13 Accruals.</td>
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<td>FY14 Accruals are made (FMs 1512 &amp; 1599).</td>
<td>FY14 Accruals begin to be liquidated using 1st year appropriations (e.g. AA1, EA1, FA1).</td>
<td>FY14 Accruals continue to be liquidated but only for client services using appropriation 011.</td>
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<td>FY15 Accruals are made (FMs 1524 &amp; 1525).</td>
<td>FY15 Accruals begin to be liquidated using appropriation 012.</td>
<td>FY15 Accruals continue to be liquidated using appropriation 012.</td>
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<tr>
<td></td>
<td>FY16 Accruals are made (FMs 1712 &amp; 1799).</td>
<td>FY16 Accruals begin to be liquidated using 1st year appropriations (e.g. AA1, EA1, FA1).</td>
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