

Rehabilitation Services Policy Manual

SECTION
PART Fiscal Procedures
 Service and Payment Authorizations

SECTION NO. 6-2
PUBLISHED 03/21

Section 6 Fiscal Procedures

Part 2 Service and Payment Authorizations

Synopsis of federal requirements

Rehabilitation Services (RS) must employ methods of administration to assure the proper and efficient implementation of the vocational rehabilitation (VR) program. These methods must include procedures to ensure accurate data collection and financial accountability. *Reference: 34 CFR 361.12*

As a state agency, RS must expend and account for public funds in accordance with state and federal laws and procedures. Fiscal control and accounting procedures must permit the tracing of funds to a level of expenditures adequate to establish that such funds were spent in accordance with federal requirements and that there have been no violations related to restricted or prohibited uses of funds based on applicable laws. *Reference: 34 CFR 80.20(a)*

RS must have sufficient fiscal controls in order to track specific expenditures and assure that the expenditures were made only for the allowable purposes authorized for the VR program. Payments made directly to VR clients must be allowable, authorized and supported by original receipts, bank records, lease or rental agreements or other documentation. *Reference: Rehabilitation Services Administration 2012 Monitoring Report*

Authorizing services

All services to be provided for clients must be authorized and paid through the Kansas Management Information System (KMIS). KMIS tracks all service authorizations (obligations) and payments.

Services must be necessary for determination of eligibility and Order of Selection or specified on the Individual Plan for Employment (IPE). Please refer to Section 3/Service Delivery of the Policy Manual for rules governing the provision of specific services.

All services must be authorized before they are provided in order for RS to pay for them. This action is accomplished by completing a Service Authorization on KMIS. The prior written Service Authorization must be issued before the purchase is made. Only RS Counselors, Rehabilitation Managers, Program Administrators, or assigned Administration Office staff can finalize Service Authorizations.

In limited circumstances when a counselor is away from his/her office and does not have access to KMIS, it is permissible for the counselor to provide a verbal authorization when any delay would impede the client's progress in the IPE, impact an employment

opportunity, or relate to a medical emergency. Such verbal authorizations may be made only when the service is already included on a signed IPE. Such verbal authorizations must be made in advance of purchase of the related goods and services. In such cases, if the counselor provides a verbal authorization, he/she must immediately follow up with the written authorization upon return to the office and the narrative must explain the situation and rationale.

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When authorizing services the counselor must determine the appropriate payee and payment method.

Authorizations and payments to vendors

Whenever possible, payment should be made directly to the vendor of goods or services. A Service Authorization (similar to a purchase order) is issued to the vendor for a specified good or service and at a specified cost. Upon completion of the service or delivery of the item, the vendor provides an invoice to RS for payment.

Vendors include:

- Service providers for whom payment rates are established through RS Service Descriptions. Refer to Partners link for more information on service descriptions.
- Vendors who sell specified goods and services. If an item is available through a state contract, the contract must be used for the purchase unless a waiver (prior authorization) is provided in advance by DCF Procurement.
- Medical, psychological, dental and other professionals.

Procedures related to vendor authorizations and payments

- The vendor must be willing to accept the Service Authorization from VR and invoice VR for the good upon delivery or the service upon completion.
- The vendor must have a W-9 form on file with the state's accounting system.
- A Service Authorization identifying the services, goods, or supports must be sent in advance to the vendor.
- All purchases are exempt from state and local sales tax. A copy of the tax exempt certificate is available at the following link: https://dcfnet.dcf.ks.gov/West/Documents/West-Forms/Tax%20Exempt_Exp_10_01_20.pdf
- Upon receipt of the invoice, payment should be made within 30 days.
- A Materials Received Form ([Form Part 31](#)) must be completed by the client and counselor for goods purchased, and the form must be maintained in the case file. Vendor reports for services provided, as specified in the Service Descriptions, must be maintained in the case file. These reports are supporting documentation that the funds were used for the purpose specified and as allowable by applicable statutes.

Outstanding service authorizations must be monitored. Payments after the authorization expiration date will not be permitted because of federal "period of performance" requirements. KMIS will auto date all new authorizations with a one-year expiration date. If an authorization expires and the service is still needed a new authorization must be created. **You are required to send the vendor a cancellation notice of the expired authorization.**

You are only able to unauthorize the service authorization if you have not finalized the service authorization. If you are needing to cancel the authorization, you are required to do the following steps.

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1. Staff need to call/email to speak with the provider/vendor to let them know and ensure there are no pending bills associated with that authorization
2. Send the cancellation notice to them
3. Send to your RS Manager to cancel the authorization on KMIS
4. Narrate your conversation, when you sent cancellation notice, person you spoke with, and authorization numbers that you cancelled on the date that it occurred
5. Staple the authorizations and cancellation notice together and put in case file

Reimbursement to clients

Clients may be reimbursed for allowable expenses they incur under the following circumstances:

- A prior written Service Authorization must be provided to the client for the good or service for which reimbursement will be requested. The prior authorization must be issued before the purchase is made. This authorization must specify the allowable cost based on a specific cost estimate.
- Reimbursement will be paid promptly when the agency receives proof-of-purchase documentation. It is the client's responsibility to provide such documentation. Documentation must be provided within 10 days of the purchase. Documentation may include original paid receipts, cash register receipts that identify goods purchased, credit card statements, internet payment documentation, or other similar documentation. Copies of cancelled checks (showing both the front of the check indicating the payee and the back of the check or back statement indicating payment has been made) and copies of money orders are also allowable documentation. The client's name must be written on all documentation submitted to RS.
- A Materials Received Form ([Form Part 31](#)) must be completed by the client for goods purchased and submitted with the purchase documentation. The form must be maintained in the case file. These reports are supporting documentation that the funds were used for the purpose specified and as allowable by applicable statutes.
- Documentation must be detailed enough to note the payee, what was purchased, the date, and the cost. If the documentation does not include this level of detail, it must be accompanied by a Receipt Substitute Form.
- There may be instances where a receipt or other documentation has been lost or is otherwise not available for submission to RS. In such instances, the client may submit a Receipt Substitute Form ([Form Part 59](#)) for consideration by RS. If a client uses this form three times, a meeting with the counselor will be required to discuss documentation requirements and methods for getting and organizing such information. Use of case management and natural supports should be discussed to assist the client with documentation responsibilities. Subsequent use of the form will result in the reimbursement privilege being discontinued. Exceptions due to disability-specific issues or accommodation needs must be approved by the Program Administrator.
- Reimbursements to clients may not be used to usurp the use of state contracts.

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Payments in advance to clients for specifically authorized services

In limited circumstances, clients may receive payments in advance for the purchase of allowable goods and services. Such circumstances include allowable maintenance and transportation payments when the client does not have sufficient resources to be reimbursed after purchase. Such circumstances may also include other services or goods when a vendor will not accept an RS service authorization and it is not feasible for the client to be reimbursed after purchase. Please refer to Section 3/Service Delivery of the Policy Manual for rules governing the provision of specific services.

The following rules apply to payments in advance:

- A prior written Payment Authorization must be provided to the client for the good or service to be purchased. The prior authorization must be issued before the purchase is made. This authorization must specify the allowable cost based on a cost estimate. “Not to exceed” language should be included to make it clear that RS is not responsible for amounts spent above the authorized amount.
- After the client completes the purchase, he or she must provide prompt (within 10 days) proof-of-purchase documentation. Documentation may include original paid receipts, cash register receipts that identify goods purchased, credit card statements, internet payment documentation, or other similar documentation. Copies of cancelled checks (showing both the front of the check indicating the payee and the back of the check or back statement indicating payment has been made) and copies of money orders are also allowable documentation. The client’s name must be written on all documentation submitted to RS.
- Failure to provide proof of purchase will result in denial of future advance payments to the client.
- Documentation must be detailed enough to note the payee, what was purchased, the date, and the cost. If the documentation does not include this level of detail, it must be accompanied by a Receipt Substitute Form ([Form Part 59](#)).
- There may be instances where a receipt or other documentation has been lost or is otherwise not available for submission to RS. In such instances, the client may submit a Receipt Substitute Form ([Form Part 59](#)) for consideration by RS. If a client uses this form three times, a meeting with the counselor will be required to discuss documentation requirements and methods for getting and organizing such information. Use of case management and natural supports should be discussed to assist the client with documentation responsibilities. Subsequent use of the form will result in the reimbursement privilege being discontinued. Exceptions due to disability-specific issues or accommodation needs must be approved by the Program Administrator.
- For monthly maintenance or transportation payments, the counselor’s spending authority for payments in advance is \$450 per instance. For all other payments, the counselor’s spending authority for payments in advance is \$250 per instance. Exceptions up to \$1,000 must be approved by the Regional Program Administrator. Administration Office approval is required for any payment in advance exceeding \$1,000.
- Direct payments to clients may not be used to usurp the use of state contracts.
- Regarding monthly maintenance or transportation payments, receipts/documentation must be provided before the next monthly payment can be made.
- For all other services, a client may not have more than one outstanding payment in advance at any given time. Exception: The counselor may grant a one-time exception to this rule if the

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purchase is needed to secure a verified job offer or to retain or maintain a current job.

Example: a specific uniform or type of work boot is needed in order for the client to report to work. The reason for the exception must be described and documented in the case file.

- A Materials Received Form ([Form Part 31](#)) must be completed by the client for goods purchased and submitted with the purchase documentation. The form must be maintained in the case file. These reports are supporting documentation that the funds were used for the purpose specified and as allowable by applicable statutes.
- If a payment in advance exceeds the amount of the actual purchase, the excess funds will be noted and deducted from any future reimbursements or payments in advance. The client will be responsible to manage these funds in such a way that they are available for use for future allowable and authorized expenditures. The number of miles submitted on the mileage log must be specifically reconciled to determine if there was an overpayment, and if so, that amount should be expended prior to issuing the next payment. In any circumstances involving overpayment, RS retains the right to have the excess funds repaid to the agency.

Use of prepaid or gift cards prohibited

Prepaid cards such as gift cards or gas cards may not be purchased and given to a client for use in purchasing goods or services.

Case file documentation

For each purchase, all of the associated authorizations and documentation should be grouped together for filing in the case file. Authorizations and documentation to be grouped should include the following, as applicable to the specific purchase: the service authorization, payment authorization, invoices, materials received forms and receipts/purchase documentation.