Purpose

To provide consistency within the Utah Department of Transportation (Department) with how receivables arising from damage claims will be charged and recorded in the accounting records of the Department.

Policy

A. The Department will repair damage to its property and when possible, invoice the responsible parties for the cost of repairs.

B. Each incident will be assigned a six-character Function, which will be one alpha character followed by five numeric characters.

The first character will be A, identifying the Function as a damage claim.

The second character will indicate the Region.

The third character is available for Regions to use as an additional identifier.

The remaining characters will specifically identify the claim and will be incremented by 1 with each new damage claim, beginning at 0001 (or 001 if the Region has elected to use the additional identifier).

These damage claim Functions will be used in conjunction with Activity 7M03 for physical damage to the road, Activity 7M07 for non-permanent impairment of the road, and Activity 7M09 for extraordinary circumstances as determined by the Region Maintenance Analyst.

C. Each Region will elect to credit revenue from damage claims and debit receivable write-offs to one of the following areas.

1. Central administrative maintenance unit of the Region

2. Individual stations

D. The vehicle owner identified in the police report will be set up in FINET as a customer for invoicing purposes. The customer number will be nine characters: four alpha characters followed by five numeric characters.

The first three characters will be DOT.
The remaining six characters will be the Function number assigned to the damage claim.

E. The vehicle owner identified in the police report will receive the invoice, but additional copies for insurance companies may be included.

F. Damage claim customers, as identified by the FINET numbering DOTAxxxxx, will be purged at the end of the fiscal year.

G. The Function number assigned to a damage claim will be deactivated if a Region determines that a damage claim cannot or will not be billed.

H. An accrual for accounts receivable revenue will be made for all unbilled damage claims at the end of the fiscal year.

I. An accrual for deferred inflow reclassification will be made at the end of the fiscal year for damage claim receivables over 120 days past due and for written-off receivables that are pending approval from the Office of State Debt Collection (OSDC)

**Definitions**

**Damage claims**
Costs incurred to repair damage to Department property and tracked by a Function number in FINET.

**Damage claims customer**
The owner of the vehicle responsible for the damage to Department property.

**Unbillable damage claims**
Damage claims that either cannot be billed due to lack of contact data for the vehicle owner or will not be billed as determined by the Department.

**Unbilled damage claims**
Damage claims that have been assigned a Function number but no invoice has been sent and no revenue booked.

**Uncollectible damage claims**
Damage claims that have been assigned a Function number and billed but are over 120 days past due and have been deemed uncollectible.
**Background**

The revenue will be reversed, impacting whatever unit originally booked the revenue when a damage claim receivable is deemed uncollectible. Both the revenues and write-offs are booked in the central maintenance unit of the region or district in order to protect the individual maintenance station from the impact and volatility of collections.

Please refer to Policy 06A-39 for more information.
Procedures
Accounts Receivable – Damage Claims

Responsibility: Comptroller’s Office Control Group

Actions

1. Set up damage claim Function in FINET.

Responsibility: Region Damage Claim Accountant

2. Assign Function number to job.

Responsibility: Maintenance Crew

3. Perform repairs and charge the assigned Function and Activity 7M03 or 7M07.

Responsibility: Region Damage Claim Accountants

4. Determine that the damage claim can and will be billed.

5. Notify the Comptroller’s Control Group if the damage claim will not be billed.

Responsibility: Comptroller’s Office Control Group

6. Deactivate Function numbers of unbillable damage claims.

Responsibility: Region Accountants

7. Enter VCC (Vendor Customer Create) document to set up liable party as a customer in FINET.

8. Request approval of VCC as directed by the Department of Administrative Services Division of Finance (DAS/Finance)

Responsibility: DAS/Finance

9. Approve VCC.

Responsibility: Region Damage Claim Accountants

10. Invoice customer for all costs charged to the related Function.
Responsibility: Comptroller's Office

11. Accrue revenue from unbilled damage claims, uncollectible damage claims, and write-offs awaiting final approval.

12. Send data to Regions for review.

Responsibility: Region Accountants

13. Review accrual entries.

Responsibility: Comptroller's Office

14. Make accrual entries in FINET.

15. Deactivate all function numbers of damage claims that have been billed and collected in full at the end of the fiscal year and roll all others to the new fiscal year.