Environmental Management Consolidated Business Center (EMCBC)

Subject: Contractor Invoice Review and Approval

Policies, Procedures, and Plans

APPROVED: _____
EMCBC Director

1.0 PURPOSE

The purpose of this procedure is to establish a process for verifying contractor invoices and making payments.

2.0 SCOPE

The scope of this procedure covers the process for reviewing and approving contractor invoice payment requests in both Vendor Invoice Approval System (VIAS) and by hardcopy invoice submittals depending on contract invoicing instructions.

3.0 APPLICABILITY

This procedure applies to the processing of invoices for all awards (contracts and financial assistance) except those under simplified acquisition procedures ($100,000 and under).

4.0 REQUIREMENTS and REFERENCES

4.1 Requirements:

4.1.1 FAR Part 31.2, Contracts with Commercial Organizations
4.1.2 FAR Part 32.9, Prompt Payment
4.1.3 DEAR Part 932.9, Prompt Payment
4.1.4 Acquisition Letter 92-3, Contract Management
4.1.5 Specific award terms and conditions

4.2 References:

4.2.1 IP-534-01, Monthly Cost Accrual Adjustments

5.0 DEFINITIONS

5.1 Invoice – a contractor's bill or written request for payment under the contract for supplies delivered or services performed. See FAR 2.101. For purposes of this procedure, invoice and payment request are used interchangeably.

5.2 VIPERS – Vendor Inquiry Payment Electronic Reporting System. VIPERS is the system used by contractors to submit invoices electronically to the Energy Finance & Accounting Service Center, Oak Ridge (EFASC, OR). Upon entering the information, VIPERS then interfaces the data into DOE's Standard Accounting and Reporting System (STARS).

5.3 VIAS – Vendor Invoice Approval System. VIAS is system used by DOE invoice approving officials to approve invoice payments. Contractors enter invoice data into VIPERS which then interfaces the data into STARS. VIAS retrieves the invoice information from STARS and displays it back to the invoice reviewers and approving officials. No invoice data is entered directly to STARS or VIAS.

6.0 RESPONSIBILITIES

6.1 Contract Specialist (CS)/Contracting Officer (CO):

6.1.1 The CS/CO is responsible for assuring that the award is valid and contains necessary provisions to permit payment of invoices by the Energy Finance & Accounting Service Center, Oak Ridge (EFASC, OR).

6.1.2 The CS/CO is responsible for assuring that a payment system is established for each award.

6.1.3 The CS/CO is responsible for the timely payment of invoices in accordance with as specified in FAR 32.9 and DEAR 932.9, and in accordance with the terms and conditions of the award document.

6.1.4 The CS/CO is responsible for obtaining VIAS access and determining appropriate Specialist and Program Officials for each assigned contract, grant, or other financial instrument.

6.1.5 The CS/CO is responsible for obtaining payment information from the awardee in order for the Budget Analyst to set up payment and processing in STARS.

6.1.6 The CS/CO is responsible for verifying that the Office of Financial Management (OFM) has input contractor/vendor information into VIAS.

6.1.7 The CS/CO is responsible for obtaining invoice review and concurrence by the Contracting Officer's Representative (COR) or the contract Technical Monitor (TM), if applicable.

6.1.8 Periodically, the CS/CO is responsible for ensuring that financial reviews are being performed in accordance with the project risk assessment (as discussed in Section 6.3.3 below).

6.1.9 The CS/CO is responsible for maintaining a Contract Invoice Log to track funding and payments.

6.1.10 The CS/CO is responsible for assuring that appropriate closeout actions are complete before approving final invoices.

6.2 Contracting Officer Representative (COR)/Technical Monitor (TM):

6.2.1 The COR/TM is responsible for performing invoice reviews in accordance with this procedure in a timely manner as requested by the CO.

6.3 EMCBC Office of Financial Management (OFM):

6.3.1 The Budget Analyst or Accounting Specialist is responsible for updating VIAS Invoice Approving Officials, Specialist Officials, and Program Officials as requested by Contracting Officers. This includes periodically assessing the validity of officials assigned to financial instruments.

6.3.2 The Budget Analyst is responsible for documenting and certifying availability of funds, and obligating funds in the DOE accounting system (STARS).

6.3.3 OFM Internal Review is responsible for ensuring financial reviews are performed. In conjunction with the CO/CS/COR, OFM will ensure that a formal risk assessment is developed and maintained to document the level of surveillance and internal controls that must exist to ensure invoice payments are appropriate. Dependent upon the risk assessment, OFM will review invoices: to ensure the correct direct and indirect rates are applied; to ensure that there are no mathematical errors; to sample transactions searching for obvious mistakes, unallowable or unusual transactions; and perform cost comparative analyzes to ensure invoice amounts are reasonable. Large dollar projects may require DOE financial review of each invoice; small dollar invoices that are not sensitive may require less oversight. OFM will ensure that required internal control system reviews are performed so that DOE can be assured that invoices are submitted correctly. OFM will ensure that required annual incurred cost reviews are performed and the results incorporated into contractor billings.

7.0 GENERAL INFORMATION

Processing invoices to make payment to the contractor for supplies and services is the government's obligation under a contract. It is the policy of the EMCBC Office of Contracting (OOC) that adequate reviews be conducted to assure proper processing of and internal controls over contractor invoices. Such reviews and controls begin with the award document upon which payments will be made. Payments must be made on a timely basis as specified in FAR 32.9 and DEAR 932.9, and in accordance with the terms and conditions of the award document. Prompt payment applies to invoice payments on contracts containing clauses prescribed in FAR 32.908. Late payments resulting in interest

penalties or in a loss of discounts are not acceptable. Timely payment requires rapid and smooth processing by all activities.

8.0 PROCEDURE

8.1 The CS/CO shall assure that the award is valid and contains necessary provisions to permit payment by EFASC, OR. The CS/CO shall ensure the following:

8.1.1 Adequate funding must be available before award and certified by the OFM. If incrementally funded, appropriate provisions must be set forth in the award document.

8.1.2 The award document must specify the amount of funds obligated and the accounting and appropriation data.

8.1.3 The award document must specify the amount be paid to the awardee for the goods or services.

8.1.4 The award document must contain the appropriate payment clauses (Sections H, I or J of a contract) and provide billing instructions for the awardee (Section G of the contract). Section G must include the name and address of the CS/CO to whom a copy of invoices must be sent as well as instructions for for submitting invoices electronically to VIPERS. The CS/CO will obtain the Assistant Director, OFM, concurrence on all proposed financial-related clauses.

8.1.5 The award document must set forth the period of performance, delivery dates, level-of-effort, etc., as appropriate.

8.1.6 The award document must include any unusual provisions such as discount terms and inspection periods.

8.2 The CO/CS shall take the necessary steps to assure a payment system is established for each award.

8.2.1 Payment information must be obtained from the awardee in order for the Budget Analyst to set up payment and processing in STARS.

8.2.2 A fully executed copy of the award document must be forwarded to OFM in a timely manner following award.

8.2.3 A method to assure the reasonableness of the billing in light of known performance must be established. Examples of acceptable methods are:

(1) Utilizing cost management report if required by the award.
(2) Obtaining review from the COR.

(3) Obtaining a receiving report to assure deliverables have been properly received, inspected, and accepted.

8.2.4 For reviews not processed through VIAS, the invoice must be dated and time stamped on the front of the payment request upon receipt by the appropriate DOE office.

8.3 Immediately upon receipt of a payment request, an administrative review must be conducted to determine if it is a proper invoice. If it is determined that the invoice is defective, rejected and returned unpaid in total, the CO/CS shall clearly indicate the reasons for rejection before returning to the awardee. Awardees must me notified in writing of defective payment requests within 7 days of payment request receipt unless the award document authorizes a longer period of acceptance. However, if the invoice is proper, the CO/CS shall:

8.3.1 Establish a review and concurrence process with the COR to complete a review of the invoice allowing enough time for EFASC, OR to process the invoice in accordance with the terms and conditions of the award document. It is necessary for EFASC, OR to process invoices within 4 days prior to payment due date. Based upon the size and complexity of the invoices received, the CO/CS and COR will have additional remaining time (up to 30 days in total) in which to complete a more thorough technical and financial review of the invoice. The CO/CS will make adjustments as necessary on subsequent invoices as a result of the review sand recommendations. Section 8.4, below, provides further instruction for the COR or TM review.

8.3.2 Review the invoice in accordance with Part B of the "Checklist for Administrative Review and Approval of Payment Request" (Attachment A).

8.3.2.1 If any reductions are to be made, clearly indicate where, how much, and the rationale before approving the invoice.

8.3.2.2 If the invoice is proper, approve by signing and dating the "Certification Statement for Administrative Review and Approval of Payment Request.

8.3.3 Indicate approval in VIAS and file the "Checklist for Administrative Review and Approval of Payment Request" in the contract invoice file with a copy of the electronic VIAS record. If the invoice was submitted in hardcopy versus VIAS, the CO shall follow the terms of the contract for invoice payment. The CO shall annotate the payment approval in the Contract Invoice Log (Attachment B) in the contract file.

8.3.4 Make arrangements, in the event of an absence, to ensure that invoices are promptly processed.

8.4 The COR/TM is responsible for performing invoice reviews in accordance with this procedure and the terms and conditions of the award document in a timely manner as established by the CO.

8.4.1 Payment of an invoice implies that work is progressing according to the contract, and that (to the best of the reviewer's knowledge) the nature, type, and quantity of effort or materials being expended are in general accord with the progress of work under the contract as evidenced by comparison with the approved baseline. CORs and TMs shall use the following criteria in reviewing invoices and complete the "Certification Statement for Administrative Review and Approval of Payment Requests" (Attachment A):

- Reasonableness of invoice (are the items billed for in accordance with the contract or order and are the direct/indirect rates and profit/fee, if applicable, applied correctly);
- Have delivery of the items/reports been made and/or the services been performed; and
- Has performance been in accordance with the contract/order terms and conditions?

8.4.2 Each COR/TM must analyze and review at least a sample of invoiced costs to provide reasonable assurance that services by the contractor and subcontractors were actually performed.

8.4.3 In addition to the "Certification Statement for Administrative Review and Approval of Payment Requests" (Attachment A), each reviewer shall complete the" Basis of Reasonableness" (Attachment B) to their individual satisfaction in as much or as little detail necessary to confidently substantiate their recommendation.

8.4.4 The COR or TM shall sign the "Certification Statement for Administrative Review and Approval of Payment Request", attach the "Basis of Reasonableness" written input, and forward with the payment request to the CO/CS for processing.

9.0 RECORDS MAINTENANCE

9.1 IP-540-18-F1, "Certification Statement for Administrative Review and Approval of Payment Request"

9.2 IP-540-18-F2, "Contract Invoice Log"

10.0 FORMS USED

10.1 Forms used shall be the latest revision unless otherwise stated.

10.1.1 IP-540-18-F1, "Certification Statement for Administrative Review and Approval of Payment Request"

10.1.2 IP-540-18-F2, "Contract Invoice Log"

11.0 ATTACHMENTS

11.1 Attachment A – IP-540-18-F1, "Certification Statement for Administrative Review and Approval of Payment Request"

11.2 Attachment B – Basis for Reasonableness

11.3 Attachment C – IP-540-18-F2, "Contract Invoice Log"

CERTIFICATION STATEMENT FOR ADMINISTRATIVE REVIEW AND APPROVAL OF PAYMENT REQUEST

Date: _____

Award No.	Awardee Name	Award Type

Payment Request No.:	Payment Request Date:	Payment Request Receipt Date:	Amount:
			$

PAYMENT ADJUSTMENT AND EXPLANATION (by Certifying Official):

_____

_____

_____

_____

_____

_____ $ _____

ADJUSTED PAYMENT AMOUNT: $ _____

COSTING OF PAYMENT SHALL BE MADE:

☐ Based on Cost Performance Reports, Contract Funds Status Reports, Cost/Schedule Status Reports, or equivalent furnished to the EMCBC Office of Financial Management.

☐ According to the STARS funding schedule shown below:

PO Line Number	Program	Project	Amount
			$
			$
			$
			$
			$
			$
			$

TOTAL APPROVED FOR PAYMENT: $ _____

CERTIFICATION OF PAYMENT: I certify that I have conducted an administrative review of above payment request as follows:

☐ Contracting Officer's Representative (COR) or ☐ Technical Monitor (TM) in accordance with Part A of Checklist for Administrative Review and Approval of Pay Request (see back of form) and that the amount appears reasonable in view of known performance; therefore, payment is recommended.

Signature: _____ Date: _____ Phone No. _____

☐ Contracting Officer/Contract Specialist (CO/CS) in accordance with Part B of Checklist for Administrative Review and Approval of Pay Request (see back of form) and hereby determine that the amount requested appears reasonable, subject to any required final audit; therefore, payment is approved.

Signature: _____ Date: _____ Phone No. _____

CHECKLIST FOR ADMINISTRATIVE REVIEW AND APPROVAL OF PAYMENT REQUEST

A. Contracting Officer Representative (COR)/Technical Monitor (TM). The COR/TM shall take the following steps in reviewing all payment requests prior to recommending payment:

1. Determine that the description, quantity, and services were actually delivered or rendered.
2. Assure that the items billed were not covered under a previous payment request and are consistent with the terms of the award.
3. Assure the reasonableness of billing in light of known performance. See Attachment B of IP-540-18.
4. Assure that performance is in accordance with terms and conditions of the award, including the following: period of performance, statement of work, and restricting provisions.
5. Review the technical oversight and assessment results of contractor performance against invoice.
6. Verify labor hours are billed at appropriate rates and that employees are qualified to perform the work consistent with the terms of the contract.
7. Review progress payments under a fixed-price contract for accuracy and completeness and review contractor's estimated cost-to-complete and compare to other contractor reported data.
8. Sign the "Certification Statement for Administrative Review and Approval of Payment Request" and forward with the payment request to the Contract Specialist/Contracting Officer for processing.

B. Contracting Officer/Contract Specialist (CO/CS). The CO/CS shall conduct a thorough review of all payment requests which encompasses the following steps prior to approving payment:

1. Determine if payment request number duplicates previous payment request submitted against the award.
2. Assure that name, address, date, and award number are correct.
3. If appropriate, determine that the period covered by the payment request was not paid under a previous payment request.
4. Determine if the payment request is in compliance with shipping and payment terms.
5. Assure that consideration is given to any unusual provisions such as discounts or inspection periods.
6. If a discount is offered, determine if it is consistent with payment provisions and whether or not it is cost effective to take the discount.
7. Determine if provisional rates and fees billed are consistent with award or other appropriate written documentation.
8. Assure that all arithmetic computations are correct and that the supporting documentation agrees with the face page of the payment request.
9. Determine if there are sufficient funds available to cover the payment. Consideration must be given to other payment requests in process but not yet paid.
10. Verify that claimed costs do not exceed the estimated cost of the award and that payment requests do not exceed ceilings established by the "Limitation of Cost" or "Limitation of Funds" clauses.
11. Review progress payments under a fixed-price contract for accuracy and completeness, verify the contact price as of the date of the payment request, and verify the progress payment and contract liquidation rate are in accordance with contract terms and conditions.
12. Determine the status of outstanding payment requests if paying out of sequence (e.g. 33 before 32).
13. If the payment request contains claimed subaward costs, assure that these costs are proper by taking the following steps:
    a. Determine that there is a subaward agreement in place.
    b. Assure that backup documents which support the subaward costs are attached to the payment request.
14. If applicable, assure hat the Direct Productive Labor Hours (DPLH) are shown for the current billing period and the DPLH summary is completed.
15. If applicable, assure cumulative billing rates adhere to the 50%/50% prime/subcontractor split required for 8(a) contracts. If discrepancy is detected, a recovery plan should be established. Assure that subcontract costs are tracked by recording the costs by individual subcontract on the Contract Invoice Log.
16. If the payment request is determined to be proper but deductions from the payment request amount must be made, follow the appropriate procedures to notify the awardee and document the notification.
17. Assure that the documentation for awardee notification of an improper payment request or deductions to invoiced amounts include:
    a. Date of notification.
    b. Awardee official notified and phone number.
    c. Reason for rejection or deduction.
    d. Name of the DOE employee who contacted the awardee, and action taken.
18. Complete and sign the "Certification Statement for Administrative Review and Approval of Payment Request."
19. Approve the payment request in VIAS in sufficient time to preclude interest payments and attach a copy of the VIAS e-mail confirmation to the "Certification Statement for Administrative Review and Approval of Payment Request."
20. File the copy in the award file.
21. If an overpayment is detected, assure prompt follow-up and recovery of any overpaid funds.

INSTRUCTIONS FOR COMPLETING BASIS OF REASONABLENESS FORM

Note: These instructions are for guidance only and should not be construed as absolute requirements. The Contracting Officer Technical Representative/Technical Monitors are encouraged to complete the Basis of Reasonableness Form to their individual satisfaction in as much or as little detail necessary to confidently substantiate their recommendation. Each Basis of Reasonableness Form supports this certification.

Section 1.0 Identify the period of time covered by the Invoice (i.e., a month). Since there will be multiple project WBS numbers rolled up into the invoice, it is necessary to identify all applicable PBS and WBS numbers and work description title.

Section 2.0 Supporting documentation can be in the form of technical, cost, and schedule baseline data, narrative provided by the contractor for the invoice period, previous invoices, current or past performance measurement reports, etc.

Section 3.0 If there are concerns or comments of a significant nature regarding the invoice, document them here. Entries in this section, along with any supporting data, will serve as the Government's official opinion regarding the reasonableness of the invoice charges. The reviewer either recommends accepting the direct cost "as is" or "with comment." If the latter, the comments ultimately become backup data to the Government's position to disallow the invoice or portions of the invoice.

Section 4.0 WBS Level 3/4 Technical Monitors are required to sign their names and date in this section. (Lower level reviews may use the form to document their review if they wish, but it is not required; an e-mail may be used to transmit input to the Level 3 Technical Monitor or the Contracting Officer's Technical Representative.)

BASIS OF REASONABLNESS FORM

1.0 Invoice Period: **WBS#:**

WBS Numbers and Titles Reviewed:

2.0 Supporting Documentation Reviewed: (as necessary, attach supporting documentation or identify location of supporting documentation files)

- ☐ **Spend Variance Report**
- ☐ **Level 4-6 E-mails**
- ☐ **Technical Oversight and Assessment Reports**
- ☐ **Inspection Logs**
- ☐ **Other (list):**

Actions Taken During Course of Review

☐ **Review of Project Performance Plan (PPR):**

☐ **Meetings with Project Personnel:**

☐ **Field Inspections (list areas):**

☐ **Other (list):**

3.0 Findings/Recommendations: (use continuation sheets if necessary and attach)

4.0 Reviewer:_____ **Date:**_____
(Signature)

CONTRACT INVOICE LOG

Instrument Information:	Cumulative DPLH Authorized by Task Orders:	Cumulative Obligations by Award Documents:
Award No. _____	_____	_____
Awardee _____	_____	_____
Total Perf. Period _____	_____	_____
Total Estimated Cost _____	_____	_____
Total Fixed Fee _____	_____	_____
Total Amount _____	_____	_____

No.	Payment Date	Request Amount	Cumulative Cost Paid	Cumulative Fee Paid	Cumulative Total Paid	Unpaid Obligations	Cumulative DPLH	Cumulative Sub. Amount

EMCBC RECORD OF REVISION

DOCUMENT

If there are changes to the controlled document, the revision number increases by one. Indicate changes by one of the following:

- Placing a vertical black line in the margin adjacent to sentence or paragraph that was revised.
- Placing the words GENERAL REVISION at the beginning of the text.

Rev. No.	Description of Changes	Revision on Pages	Date
1	Initial Procedure	All	11/07/07