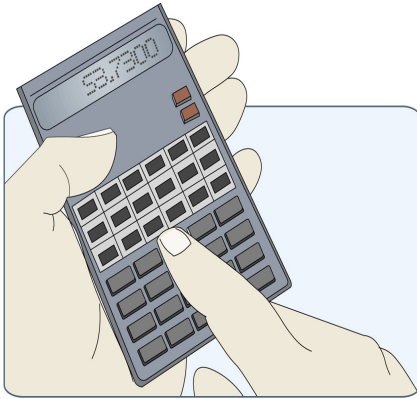


Reviewing and Approving Contract Invoices



Guiding Principle

✓ Contracting Officers are responsible for ensuring that contract invoices are properly reviewed and analyzed, and that the Government makes payments to contractors only for goods and services received and accepted pursuant to contractual terms and conditions.

References

FAR Part 31 – Contract Cost Principles and Procedures
FAR Part 32 – Contract Financing
FAR Part 42 – Contract Administration and Audit Services
FAR Subpart 52.232 – Contract Clauses
DEAR Part 931 - Contract Cost Principles and Procedures
DEAR Part 932 – Contract Financing
DEAR Part 942 – Contract Administration
DOE O 361.1B - Acquisition Career Management Program
DOE O 541.1B - Appointment of Contracting Officers and Contracting Officer Representatives

Overview

The purpose of this Guide Chapter is to provide guidance for ensuring that invoices/vouchers are properly reviewed and analyzed prior to making any payments to contractors (for the purposes of this Chapter, the terms “invoice” and “voucher” are used interchangeably). Recent Government Accountability Office (GAO) audits have identified several cases of inadequate practices relating to the review and approval of contract invoices. The weaknesses identified in the audits contributed to situations where the agency was vulnerable to making improper payments to contractors. While the audit findings are not necessarily indicative of a systemic problem within

DOE, proper contract administration practices related to the invoice review and approval process are being highlighted in this Chapter for invoice approving officials to follow.

Individual DOE procurement offices may currently have their own local standard operating procedures in place for processing contract invoices. This Guide Chapter is not intended to repeat or conflict with local procedural guidance, but to offer general guiding principles for approving officials to consider when reviewing and analyzing cost elements included in contract invoices.

Background

The approval of contract invoices is just one of the many contract administration functions for which Contracting Officers (CO) are responsible. As with many administrative functions, the review and approval of invoices may be delegated by the CO to other Government personnel, such as a Contract Specialist (CS), a Contracting Officer Representative (COR), or another qualified federal agency representative (such as the Defense Contract Audit Agency). Nonetheless, the cognizant CO is ultimately responsible for monies paid out under his or her contracts, and must ensure that invoices are thoroughly and adequately reviewed.

Proper practices for reviewing and approving invoices are addressed in formal training required under DOE's Acquisition Career Management Program (ACMP), which is defined in DOE O 361.1B. The Order prescribes training requirements for COs, CSs, and CORs, and includes a requirement for refresher training every two years. Procurement Directors should ensure that all acquisition personnel meet the requirements of the ACMP prior to performing contract administration functions, including the review and approval of contract invoices.

Contract terms and conditions spell out the specific instructions to contractors for submitting and substantiating their invoices. In DOE, contractors submit invoices electronically through the Oak Ridge Financial Service Center's (ORFSC) Vendor Inquiry Payment Electronic Reporting System (VIPERS). Once an invoice is received and logged into the accounting system, appropriate DOE personnel, who have been identified as the proper reviewing and approving officials, receive notification from VIPERS that an invoice has been submitted and is ready for review and approval. Approving officials can then access the Vendor Invoice Approval System (VIAS) which gives the cognizant contracting and program officials the necessary access for reviewing and approving the invoice. These officials access the electronic invoice on the web page, review the pertinent information, and either approve in full or partially, or disapprove the invoice for payment.

Guidance

Review of Invoices

The responsible invoice approving official must ensure that the following specific items are adequately addressed prior to approving the invoice, as applicable to their specific contract -

- Have the required items been delivered and/or the required services been performed?
- Are delivery and/or performance in accordance with the contractual terms and conditions?
- Are any billed items and/or services included in previously paid invoices?
- Are all submitted costs consistent with requirements in the contract, including contract ceilings, key personnel, subcontract costs, travel and equipment?
- Have all Other Direct Costs (ODCs) been properly substantiated and are the costs consistent with the requirements in the contract?
- Are all costs allowable and allocable to the contract?
- Is the invoiced period within the period of performance of the contract?
- Were technical oversight and assessment results of the contractor's performance reviewed against the invoice?
- Are labor hours billed at appropriate rates?
- Are contractor employees qualified to perform the work consistent with the terms of the contract?
- Were progress payments under a fixed-price contract reviewed for accuracy and completeness and do they match other contractor reported data?
- Are all identifying data on the invoice (contract number, contractor name, address, date of invoice, etc) accurate?
- Was consideration given to any unique contractual terms and conditions (discounts, inspection periods, etc.)?

- Are provisional rates and fees billed consistent with contractual terms and conditions, and are the rates applied appropriately to costs?
- Are arithmetic calculations correct?
- Are claimed costs within the estimated cost of the award?
- Are payments within the ceilings established in the Limitation of Cost or Limitation of Funds clauses?
- Are deductions being made in the invoice amount? If so, was the contractor appropriately notified?
- If an overpayment was detected, was there a prompt follow-up and recovery of the funds?

Although this list of items may not be all-inclusive, following a methodical invoice review and approval process that includes analyzing these kinds of invoice items can ensure that the Government makes payments to contractors only for goods and services received and accepted pursuant to contractual terms and conditions.