



OFFICE OF POLICY, PROCEDURES AND TRAINING

James K. Whelan
Executive Deputy Commissioner

DHS-PB-2019-005

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| <p>SUBJECT:</p> <p>Invoice Review Procedure</p> | <p>APPLICABLE TO:</p> <p>DHS Staff, Contracted Providers Submitting Invoices in HHS Accelerator</p> | <p>ISSUED:</p> <p>April 1, 2019</p> |
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| <p>ADMINISTERED BY:</p> <p>Any DHS Division or Office Managing Provider Contracts in HHS Accelerator</p> | <p>APPROVED BY:</p> <p>Joslyn Carter, Administrator Department of Social Services/ Department of Homeless Services</p> |
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■ PURPOSE

This procedure provides instructions about regular and periodic review of invoices submitted by contracted providers to the Department of Homeless Services (DHS or “the Agency”) through the Health and Human Services Accelerator (HHS Accelerator) system.

After Department of Social Services Finance (DSS Finance) completes its Level 1 review of a provider submitted invoice, where advances to the provider are assessed and recouped, DHS staff review and certify invoice submissions from its providers. By reviewing DHS providers’ spending, DHS staff ensures that funds are spent on allowable contract costs and that DHS providers do not run out of funds prematurely.

■ POLICY

The procedure applies to all invoices submitted to the Agency through the HHS Accelerator system. All divisions receiving invoice payment requests through HHS Accelerator must conduct regular and periodic reviews as described below.

■ PROCEDURE

I. Invoice Submission Requirements for Providers

A. Monthly Provider Invoice Submission

DHS contracts and accompanied line item budgets define which expenses can be reimbursed by DHS through the submission of monthly invoices. DHS providers must submit all such invoices through the HHS Accelerator system.¹ DHS staff shall review invoices submitted on a monthly basis. DHS staff must ensure that only items allowed under the contract and approved budget are included in a reimbursement invoice request. DHS staff may request the DHS provider upload supporting (“back-up”) documentation if they are unable to certify the invoice based on what has been submitted.

1. Invoice Submission Requirements

DHS providers must submit invoices by the 25th of each month for expenses from the previous calendar month. Invoice reviewers must track provider spending and identify issues. Failure to submit timely invoices may, at the discretion of the DSS Finance or DHS program area, cause a delay in payment. DHS will publish a fiscal year closeout schedule annually.

2. Provider Certification of Invoices

All DHS provider invoices must be certified by DHS staff. DHS staff make their certification determination by comparing the requested invoice amount against the provider’s annual budget. If the provider’s monthly invoice deviates widely from 1/12th of their total annual budget then back-up documentation will be requested to explain the anomaly. In order to attest an invoice in HHS Accelerator, DHS providers must check a box that states, “I agree to submit this Invoice to the Agency for Review,” and enter their username and password. This serves as signature and certification. DHS providers can only submit invoices on contracted, approved budget lines.

3. Budget Summary

Monthly invoice submissions include an HHS Accelerator summary that allocates Personnel Services (“PS”) and Other Than Personnel Services (“OTPS”) expenses, along with any fringe or indirect rates applied being sought for reimbursement. DHS staff invoice reviewers must compare the titles and amounts paid to ensure they are consistent with the approved titles and rates in the operating and/or line item budgets to ensure proper PS and OTPS costs.

¹ All budget modifications must be completed by the provider prior to submitting an invoice.

4. Back-Up Documentation for Monthly or Selective Review

DHS staff will request backup documentation that supports invoices submitted to DHS. Upon DHS staff request only, DHS providers must upload, via HHS Accelerator, all requested back-up documentation to support submitted invoices. As a general matter, DHS providers must have all back-up documentation for the fiscal year on hand. Requested documentation may include the following:

- Staff listing with current vacancies
- Expense report
- Receipts, canceled checks, electronic fund transfers
- Utility bills – water/sewer, heating, electric, gas
- Any subcontracted services
- General ledgers
- Organizational charts
- Written justification for major increases in line items
- Supportive documentation for all line items including, but not limited to, incidentals, staff training, recruitment office supplies, client supplies for activities, program supplies, and transportation

5. HHS Accelerator Transmissions

Contracted DHS providers must submit invoices in HHS Accelerator for all active contracts in HHS Accelerator.

6. Handling Email and Paper Invoice Submissions

When DHS providers submit paper invoices (or email pdf's) because the contract is not yet in HHS Accelerator, DHS staff should be familiar with key elements of what must be included with the invoice. At a minimum, paper or emailed invoices must include a summary spreadsheet and a signed cover letter containing the following information:

- Invoice date
- Period of performance covered (e.g., MM/DD/YYYY through MM/DD/YYYY)
- Contract identification number and title
- Total dollar amount
- If applicable, the location where the work was performed (e.g., shelter address, units)
- Certification by the provider that all expenses included in the invoice are actual and allowable under the contract. An example of such certification language is as follows:

I hereby certify that to the best of my knowledge and belief, the information contained herein is correct, that it corresponds with the books and records of this agency, and that the expenditures reported were made solely for the purposes specified in the contract for this project.

II. Monthly Invoice Review Instructions for DHS Staff

A. Monthly Invoice Review

1. DHS staff must conduct a review of all invoices to ensure appropriate payments are made. Once DSS Finance approves an invoice, DHS staff have seven (7) business days to complete a review and request documentation if necessary.
2. If DHS staff request but do not receive documentation within three (3) business days from such request, they will return the invoice to the provider for the requested information. Upon receiving the documentation, DHS staff have seven (7) business days to review. Upon authorization of the invoice for payment, DSS Finance will process the payment within seven (7) to 10 business days. In some cases, DHS staff will flag the item(s) in question and consult with the DSS Finance or DSS Budget.
3. In extreme or repetitive cases, such as where a DHS provider has been repeatedly asked to provide accurate invoices or repeatedly fails to provide appropriate back-up documentation, DHS will refer the vendor to the DSS Office of Program Accountability for further action, including contract enforcement and/or audit.
4. When Grant Per Diem program (GPD) funds exist within a portfolio, a separate invoice review will be required accounting for items where GPD monies are spent (e.g.; allocation of US Department of Veterans Affairs GPD program funds for Borden Avenue Veteran's Shelter). For grant reporting purposes, DSS Budget staff will create a "sub-budget"², identifying earmarked funds. DHS staff will review all sub-budgets and invoices for accuracy.

B. Review

1. DHS staff must verify that a provider's submission includes:
 - Appropriately invoiced items (as confirmed by the analyst and program administrator's site visits and knowledge of operations);
 - Payroll ledgers clearly supporting PS costs as invoiced;
 - Calculations of total expenditures in the summary spreadsheet;

² Sub-budgets are a facility in HHS Accelerator that allows agencies the ability to configure an annual operating budget for a specific contract into manageable components.

- Approved PS titles and OTPS categories in the invoice per the contract's operating budget for invoices submitted outside of HHS Accelerator;
- Any and all requested back-up documentation for invoices submitted outside of HHS Accelerator.

2. DHS staff must look for the following:

- Verifying that the rate at which the contractor is spending is on track for an appropriate balance for the remainder of the funding year. If not, excessive spending will be noted and guidance will be given to the provider;
- Full-time employee (FTE) pay rates that are consistent with the number of budgeted positions. Depending on the type of position and salary level, no staff line may remain open longer than 90 days.³
- Adequate explanation and documentation for all open staffing lines
- Monthly totals and subtotals consistent with the operating (and line item) budget for that month. The average monthly totals must be consistent.
- Acceptable explanations for any unusual spending increases or decreases
- For contracts reimbursed solely on an expenditure basis - single adult shelters, street homeless provider contracts, etc. -- refer to the selective review process as described below.

III. Selective Review Process

DHS staff are the first in a line of individuals responsible for making sure DHS pays its contractors for goods delivered or services rendered according to the terms and conditions of the applicable contract. Since DHS staff are most familiar with the contract specifics and operations, their initial review is crucial to the invoice submission review process. DHS staff must complete the Selective Review Process for each shelter in their portfolio during the fiscal year.

A. Annual Selective Review of Requested Back-Up Documentation for Adult Families and Division of Family Services DHS Providers

As an extension of DHS' regular invoice review process for contracts that receive Care Day Advance payments (Division of Family Services and Adult Families), and on an annual basis, each month DHS staff will randomly choose, without prior notice to the shelter provider, at least one contracted shelter for a selective review of all submitted invoices during a specified month.

³ When a leadership position becomes vacant, the DHS provider must notify their program administrator within 24-hours of the position's vacancy or immediately after the exiting party has given their notice.

1. Selection

DHS staff will request ALL back-up documentation for a selected shelter's invoice requests for a specified 30 day period, ensuring that every shelter receives one selective review each year, at a minimum.

2. Requirements

DHS staff must complete a selective review of previous invoice submissions for each contracted shelter in their portfolio before the close of each fiscal year. If a provider is asked to submit all back-up documentation during the course of a regular monthly invoice review, the program administrator can include that shelter in their list of selectively reviewed sites. Selective reviews may only be completed for invoices that have not been previously certified.

3. Review

DHS staff will search for irregularities by reviewing one month's worth of invoice submissions backed by all requested documentation, comparing the charges against the provider's yearly budget. DHS staff must verify that the submission includes the following:

- Invoiced items;
- Approved PS titles and OTPS categories per the contract's operating budget;
- FTEs consistent with budget allocations and payroll ledgers, substantiated by DHS staffs' knowledge of operations;
- Individual salaries in line with the approved salary in the budget;
- All back-up documentation for all OTPS expenses with third-party invoices and proof of payment for each line item invoiced;
- Monthly subtotals and totals consistent with the operating (and line item) budget for that month. Average monthly totals must be consistent;
- On-track spending rate for an appropriate balance for the remainder of the funding year. If not, DHS staff must note excessive spending and give guidance to the DHS provider;
- Provider's spending rate is within safe levels;
- Acceptable explanations for any unusual spending increases or decreases; and
- Adequate explanation and documentation for all open staffing lines

B. Monthly Selective Review of Requested Back-up Documentation for Single Adults and Street Homeless Solutions DHS Providers

As an extension of DHS' regular invoice review process, for contracts that are reimbursed solely on an expenditure basis (Single Adults and Street Homeless Solutions), DHS staff will randomly choose, without prior notice to the provider, three (3) OTPS line items for a selective review of expenditures invoiced each month, ensuring that each approved budget line item in HSS Accelerator receives a selective review annually.

1. Selection

DHS staff must request all back-up documentation for a DHS provider's selected OTPS line items for the current invoice.

2. Requirements

DHS staff must complete a selective review of all line items for each contracted shelter or program in the portfolio before the close of each fiscal year.

3. Review

DHS staff must search for irregularities by periodically reviewing a blind sample of supporting documentation. DHS staff must verify that the submission includes the following:

- Invoiced items;
- All back-up documentation for OTPS expenses, each with third-party invoices and proof of payment for each sampled line item invoiced;
- Contractor's spending rate is on track for an appropriate balance for the remainder of the funding year. If not, DHS staff must note excessive spending and provide guidance to the provider;
- Provider's spending rate is within safe levels;
- Acceptable explanations for any unusual spending increases or decreases

C. Selective Review Schedule

Every three (3) months, Division of Family Services staff submit a list of shelters whose invoices have been selectively reviewed to the appropriate assistant or associate commissioner by completing the *DHS Selective Review Tracker for Families and Adult Families (DHS-20b)* tracker.

Single Adults and Street Homeless Solutions staff submit a list of programs and shelters whose invoices have been selectively reviewed to the appropriate assistant or associate commissioner by completing the *DHS Selective Review Tracker for Single Adults and Street Homeless Solutions (DHS-20)* tracker. Use the *Selective Review Findings (DHS-20a)* form to document monthly OTPS line reviews.

D. Provider Compliance – Requests for Additional Back-Up Documentation

If the DHS provider does not submit all of its invoice back-up documentation in HHS Accelerator, DHS staff must request missing documentation from the provider's financial officer. DHS staff can request back-up documentation for multiple months if they are not satisfied with a provider's submissions.

E. Audit Recommendation

If DHS staff detect irregularities, they must flag item(s) in question and recommend a further audit.

F. Reporting Irregularities

This process is ongoing and repeated for all contracted DHS providers within each program's provider portfolio every fiscal year. DHS staff are required to report all irregularities to the program administrator who in turn notifies their Associate Commissioner.

Effective Immediately

■ **ATTACHMENTS**

| | |
|----------------|--|
| DHS-20 | DHS Selective Review Tracker for Single Adults and Street Homeless Solutions |
| DHS-20a | Selective Review Findings |
| DHS-20b | DHS Selective Review Tracker for Families and Adult Families |

DHS Selective Review Tracker Single Adults and Street Homeless Solutions



Program Administrator: _____
Fiscal Year: _____
Review Period: _____

| Key Information | Selective Review 1 | Selective Review 2 | Selective Review 3 | Selective Review 4 | Selective Review 5 | Selective Review 6 |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Provider: | | | | | | |
| Program Name: | | | | | | |
| Facility Code: | | | | | | |
| Shelter/Program Contact Name: | | | | | | |
| Shelter/Program Contact Email: | | | | | | |
| Shelter/Program Contact Phone: | | | | | | |
| Approval Date: | | | | | | |
| Notes: | SAMPLE | | | | | |
| Reviewer Name: | | | | | | |
| Reviewer Signature | | | | | | |

Program Administrator: _____
Fiscal Year: _____
Review Period: _____

| Key Information | Selective Review 7 | Selective Review 8 | Selective Review 9 | Selective Review 10 | Selective Review 11 | Selective Review 12 |
|---------------------------------------|--|--------------------|--------------------|---------------------|---------------------|---------------------|
| Provider: | | | | | | |
| Program Name: | | | | | | |
| Facility Code: | | | | | | |
| Shelter/Program Contact Name: | | | | | | |
| Shelter/Program Contact Email: | | | | | | |
| Shelter/Program Contact Phone: | | | | | | |
| Approval Date: | | | | | | |
| Notes: | <div style="font-size: 4em; color: blue; opacity: 0.5;">SAMPLE</div> | | | | | |
| Reviewer Name: | | | | | | |
| Reviewer Signature | | | | | | |

Selective Review Findings

Site/Program: _____

Provider: _____

Reviewer: _____

| | Selective Review Dates: (-) | Satisfactory (Y/N) | Corrective Action Taken? (Y/N) |
|--------------|---|--------------------|--------------------------------|
| OTPS Line 1: | | | |
| Findings: | SAMPLE | | |
| OTPS Line 2: | | | |
| Findings: | | | |
| OTPS Line 3: | | | |
| Findings: | | | |
| Findings: | | | |

Site/Program: _____

Provider: _____

Reviewer: _____

| | Selective Review Dates: (-) | Satisfactory (Y/N) | Corrective Action Taken? (Y/N) |
|--------------|---|--------------------|--------------------------------|
| OTPS Line 1: | | | |
| Findings: | | | |
| OTPS Line 2: | | | |
| Findings: | | | |
| OTPS Line 3: | | | |
| Findings: | | | |

Site/Program: _____

Provider: _____

Reviewer: _____

| | Selective Review Dates: (-) | Satisfactory (Y/N) | Corrective Action Taken? (Y/N) |
|--------------|-------------------------------|--------------------|--------------------------------|
| OTPS Line 1: | | | |
| Findings: | SAMPLE | | |
| OTPS Line 2: | | | |
| Findings: | | | |
| OTPS Line 3: | | | |
| Findings: | | | |

Site/Program: _____

Provider: _____

Reviewer: _____

| | Selective Review Dates: (-) | Satisfactory (Y/N) | Corrective Action Taken? (Y/N) |
|--------------|-------------------------------|--------------------|--------------------------------|
| OTPS Line 1: | | | |
| Findings: | | | |
| OTPS Line 2: | | | |
| Findings: | | | |
| OTPS Line 3: | | | |
| Findings: | | | |

Site/Program: _____

Provider: _____

Reviewer: _____

| | Selective Review Dates: (-) | Satisfactory (Y/N) | Corrective Action Taken? (Y/N) |
|--------------|-------------------------------|--------------------|--------------------------------|
| OTPS Line 1: | | | |
| Findings: | | | |
| OTPS Line 2: | | | |
| Findings: | SAMPLE | | |
| OTPS Line 3: | | | |
| Findings: | | | |

Site/Program: _____

Provider: _____

Reviewer: _____

| | Selective Review Dates: (-) | Satisfactory (Y/N) | Corrective Action Taken? (Y/N) |
|--------------|-------------------------------|--------------------|--------------------------------|
| OTPS Line 1: | | | |
| Findings: | | | |
| OTPS Line 2: | | | |
| Findings: | | | |
| OTPS Line 3: | | | |
| Findings: | | | |

Site/Program: _____

Provider: _____

Reviewer: _____

| | Selective Review Dates: (-) | Satisfactory (Y/N) | Corrective Action Taken? (Y/N) |
|--------------|-------------------------------|--------------------|--------------------------------|
| OTPS Line 1: | | | |
| Findings: | SAMPLE | | |
| OTPS Line 2: | | | |
| Findings: | | | |
| OTPS Line 3: | | | |
| Findings: | | | |

Site/Program: _____

Provider: _____

Reviewer: _____

| | Selective Review Dates: (-) | Satisfactory (Y/N) | Corrective Action Taken? (Y/N) |
|--------------|-------------------------------|--------------------|--------------------------------|
| OTPS Line 1: | | | |
| Findings: | | | |
| OTPS Line 2: | | | |
| Findings: | | | |
| OTPS Line 3: | | | |
| Findings: | | | |

Site/Program: _____

Provider: _____

Reviewer: _____

| | Selective Review Dates: (-) | Satisfactory (Y/N) | Corrective Action Taken? (Y/N) |
|--------------|-------------------------------|--------------------|--------------------------------|
| OTPS Line 1: | | | |
| Findings: | SAMPLE | | |
| OTPS Line 2: | | | |
| Findings: | | | |
| OTPS Line 3: | | | |
| Findings: | | | |

Site/Program: _____

Provider: _____

Reviewer: _____

| | Selective Review Dates: (-) | Satisfactory (Y/N) | Corrective Action Taken? (Y/N) |
|--------------|-------------------------------|--------------------|--------------------------------|
| OTPS Line 1: | | | |
| Findings: | | | |
| OTPS Line 2: | | | |
| Findings: | | | |
| OTPS Line 3: | | | |
| Findings: | | | |

Site/Program: _____

Provider: _____

Reviewer: _____

| | Selective Review Dates: (-) | Satisfactory (Y/N) | Corrective Action Taken? (Y/N) |
|--------------|-------------------------------|--------------------|--------------------------------|
| OTPS Line 1: | | | |
| Findings: | | | |
| OTPS Line 2: | | | |
| Findings: | SAMPLE | | |
| OTPS Line 3: | | | |
| Findings: | | | |

Site/Program: _____

Provider: _____

Reviewer: _____

| | Selective Review Dates: (-) | Satisfactory (Y/N) | Corrective Action Taken? (Y/N) |
|--------------|-------------------------------|--------------------|--------------------------------|
| OTPS Line 1: | | | |
| Findings: | | | |
| OTPS Line 2: | | | |
| Findings: | | | |
| OTPS Line 3: | | | |
| Findings: | | | |

DHS Selective Review Tracker Families and Adult Families



Program Administrator: _____
Fiscal Year: _____
Review Period: _____

| Key Information | Selective Review 1 | Selective Review 2 | Selective Review 3 | Selective Review 4 | Selective Review 5 | Selective Review 6 |
|-----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Provider: | | | | | | |
| Facility Name: | | | | | | |
| Facility Code: | | | | | | |
| Shelter Contact Name: | | | | | | |
| Shelter Contact Email: | | | | | | |
| Shelter Contact Phone: | | | | | | |
| Month Selected for Review: | | | | | | |
| Approval Date: | | | | | | |
| Notes: | SAMPLE | | | | | |
| Reviewer Name: | | | | | | |
| Reviewer Signature | | | | | | |

Program Administrator: _____
Fiscal Year: _____
Review Period: _____

| Key Information | Selective Review 7 | Selective Review 8 | Selective Review 9 | Selective Review 10 | Selective Review 11 | Selective Review 12 |
|-----------------------------------|--|--------------------|--------------------|---------------------|---------------------|---------------------|
| Provider: | | | | | | |
| Facility Name: | | | | | | |
| Facility Code: | | | | | | |
| Shelter Contact Name: | | | | | | |
| Shelter Contact Email: | | | | | | |
| Shelter Contact Phone: | | | | | | |
| Month Selected for Review: | | | | | | |
| Approval Date: | | | | | | |
| Notes: | <div style="font-size: 100px; color: blue; opacity: 0.5;">SAMPLE</div> | | | | | |
| Reviewer Name: | | | | | | |
| Reviewer Signature | | | | | | |