



JUL 07 2011

United States
Department of
Agriculture

ACQUISITION OPERATING PROCEDURE (AOP)

Office of the
Assistant
Secretary for
Departmental
Management

Management
Services

Procurement
Operations
Division

Reporters
Building
300 7th Street,
SW, Suite 353
Washington,
DC 20024

FROM: Shawn E. Kerkes, *Shawn E. Kerkes*
Director, Procurement Operations Division

SUBJECT: AOP No.12: Invoice Payment Process for Contracts Issued through the
Integrated Acquisition System

◆ **PURPOSE:** The purpose of this Acquisition Operating Procedure (AOP) is to provide the procedure to process invoices for contracts issued through the Integrated Acquisition System (IAS) within the Departmental Management and Staff Offices.

◆ **AUTHORITIES:** Memorandum signed by the Directors of Management Services and the Office of Procurement and Property Management of Departmental Management, dated May 31, 2011.

◆ **PROCEDURES:**

1. Invoice Payment Process for Contracts Issued through the Integrated Acquisition System, Memorandum signed by the Directors of Management Services and the Office of Procurement and Property Management, dated May 31, 2011 (Enclosure 1), which contains:
 - ✓ Roles and Responsibilities of the Contracting Officer Technical Representative, Point of Contact, IAS Receiver, Contracting Officer, Administrative Payment Branch Invoice Technicians, and the Finance System.
 - ✓ Invoice Payment Process Workflow.
 - ✓ Quick Reference Guide: Invoice Payment Process.
 - ✓ IAS Receipt Template.
 - ✓ Invoice Payment Log (Sample).
2. Invoice Payment Process Training Presentation (Enclosure 2).
3. The email account POD.Invoices@dm.usda.gov will be used by the Invoice Technicians of the Procurement Operations Division to process the Invoice Cover Sheet for IAS Payment (IAS-001) and the Invoice (date-stamped/certified) from the Contracting Officer to the Centralized Servicing Center.
4. The Invoice Cover Sheet for IAS Payment (IAS-001) may be found at <https://ias.usda.gov/>, click Guidance, click Oracle (iProc), and then click Invoicing Information.



MAY 31 2011

United States
Department of
Agriculture

Office of the
Assistant Secretary
For Administration

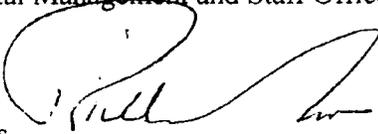
Departmental
Management

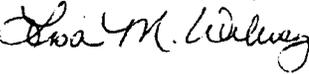
Management
Services

Procurement
Operations Division

Reporters Building
300 7th Street, SW
Suite 353
Washington, DC
20024

TO: Directors Departmental Management and Staff Offices

FROM: Richard D. Swenson 
Director
Management Services

Lisa M. Wilusz 
Director
Office of Procurement and Property Management

SUBJECT: Invoice Payment Process for Contracts Issued through the
Integrated Acquisition System

The purpose of this memorandum is to document procedures for processing invoices within the Departmental Management and Staff Offices. Effective **immediately**, the procedures apply to invoices resulting from contracts in the Integrated Acquisition System (IAS). The procedures are based on business processes that support proper payment of invoices. Paying invoices properly encompasses timely processing of payments, which may reduce or eliminate interest penalties, ensure interest penalties are properly being applied to late payments as required by regulation, and enable reduced payments when discounts being offered provides a financial benefit to the agency. The regulations governing prompt payment are prescribed in 5 Code of Federal Regulation, Part 1315, Prompt Payment; the Federal Acquisition Regulation, Subpart 32.9, Prompt Payment; and the Agriculture Acquisition Regulation Subpart 432.9, Prompt Payment. Also, be mindful that Executive Order 13520, signed by the President on November 20, 2009, requires agencies to improve payment integrity and reduce improper payments by intensifying efforts to eliminate payment error, waste, fraud, and abuse. Improper payments may include overpayments and underpayments, duplicate payments, payment for services not received, payments for incorrect amounts, or payments that should not have been made.

Contract administration involves those activities performed by government officials after a contract has been awarded to determine how well the government and the contractor performed to meet the contract requirements. As such, invoice payment constitutes a primary part of contract administration to ensure the government pays the contractor for the supplies or services the contractor delivered and were accepted and received by the government. The extent of an invoice may vary from contract to contract, which may influence the nature of the services, the type of contract, and the experience of the government personnel involved. Timely and accurate payment to the contractor for the supplies and services accepted is the government's obligation under the contract. Therefore, it is incumbent upon contracting, program and finance personnel to clearly understand their roles and responsibilities with regards to the review, approval, and payment of contract invoices.

The following attachments are to help the contracting, program and financial personnel involved in the invoice payment process to understand the workflow and procedures.

- Invoice Payment Process Stakeholders Roles and Responsibilities (Attachment 1)
- Invoice Payment Process Workflow (Attachment 2)
- Quick Reference Guide: Invoice Payment Process (Attachment 3)

INVOICE PAYMENT PROCESS STAKEHOLDERS ROLES AND RESPONSIBILITIES

If an invoice is determined to be improper, it must be returned to the contractor no later than the **7th calendar day** after receipt, with the reasons why the invoice is not a proper invoice. (For other specified food and dairy items, see Federal Acquisition Regulation (FAR) 32.905(b) (3)). If such notice is not timely and the invoice is returned, the due date will be adjusted for the purpose of determining interest penalty. The contents of a proper invoice are prescribed in the FAR, Subpart 32.9, Prompt Payment.

Roles and Responsibilities of the contracting officer technical representative, point of contact, contracting, and financial personnel involved in the invoice process are as follows:

- **Contracting Officer Technical Representative (COTR).**
 - a. Ensures the Contracting Officer (CO) is provided the appropriate designated agency invoice-to office, which will be the program official's name, office address or email address, where the contractor is to send the invoice. The designated agency invoice-to office may be listed on the Integrated Acquisition System (IAS) Requisition in the item description or in the "Notes to Buyer" field labeled as "Invoice-To" address.
 - b. Immediately, "date-stamps" the invoice with:
 - (For mail) - the actual date the invoice was received;
 - (For electronic transmission) - the actual date a readable transmission was received, or the next business day if received after normal working hours.
 - c. **Do not** alter or correct the contractor's invoice.
 - d. Ensures that the invoice is a proper invoice. The contents of a proper invoice are listed in Attachment 3, Quick Reference Guide: Invoice Payment Process.
 - If the invoice is improper, return the invoice within 7 calendar days, to the contractor.
 - State the reasons why the invoice is not a proper invoice in the notification to the contractor.
 - Send a copy of the notification to the CO.
 - e. Ensures that an invoice, which has been resubmitted by the contractor, reflects a new invoice date along with the required corrections.
 - f. Verifies the accuracy of the invoice line item description, quantity, unit of measure, unit price, and price of the supplies or services received and accepted to assess the reasonableness of costs and expenditures in accordance with the contract.

- g. Annotates the COTR signature, title and phone number on the invoice to certify and recommend the invoice for payment. Certifying and recommending the payment of the invoice implies the supplies or services (nature, type, quantity of effort or materials) were received, are being expended or progressing according to the contract.
- h. Completes the Invoice Cover Sheet for IAS Payment (IAS-001), hereafter "IAS-001," initials and dates box #13, and annotates applicable discounts for early payment as listed in the contract or invoice in box #12.

Note: Discount for early payment means a reduced payment amount offered by the contractor if payment is made within the discount period.

- i. Completes the IAS Receipt Template (Attachment 3, Exhibit A), within 2 calendar days after receipt of the supplies or services. The item to be receipted **must** be applied against the correct contract line item. In some instances, the IAS Receipt Template is completed after receipt of the invoice, however be mindful, that the "Date Goods and Services Received" is the actual physical date the supplies or services were received, not the date of the invoice, unless both the "Date of Invoice" and the "Date the Supplies or Services Received" occurred on the **same** date.

Note:

- ✓ Inspection, acceptance or rejection of supplies or services should occur within 7 calendar days of delivery of supplies or completion of services.
 - ✓ Receipt - acknowledgment that the supplies or services are physically received by a Government official.
 - ✓ Acceptance - acknowledgment by an authorized Government official that supplies received and services rendered from the contractor conform to the contract requirements. Acceptance also applies to partial deliveries.
 - ✓ Date Supplies or Services Received - the actual date the designated official received delivery of the supplies or services were performed.
 - ✓ Date Invoice Received - the actual date the invoice is received at the designated agency invoice-to office identified in the contract.
 - ✓ Date of the Invoice - the date listed on the contractor's invoice.
- j. Ensures the IAS Receiver is provided the proper information for the supplies or services received and accepted so that the IAS receipt contains the proper contract line item data.
 - k. Monitors the contractor's expenditures by completing and updating an Invoice Payment Log. A sample Invoice Payment Log is shown in Attachment 3, Exhibit B, which may be modified to include other pertinent data.

1. Sends the IAS-001, Invoice (date-stamped/certified) and a copy of the updated Invoice Payment Log within 4 calendar days or 3 calendar days (early discount payment) to the CO to authorize payment of the invoice. The invoice payment **must** be applied against the correct contract line item.

Note: Failure to provide the completed IAS-001, Invoice (date-stamped/certified) and Invoice Payment Log to the CO will delay processing the invoice.

- **Point of Contact (POC).**

The roles and responsibilities are the same as the COTR, except that the assessment of invoice may only require acceptance of a delivery of supplies.

- **IAS Receiver.**

- a. Creates, returns, or corrects the Receipts in IAS.
- b. Ensures the appropriate PO Line #, amount or quantity is entered on the Receipt as identified on the IAS Receipt Template.
- c. Immediately, contacts the COTR/POC or CO that requested the Receipt, if there is a discrepancy with the PO Line #s shown on the IAS Receipt screen and the IAS Receipt Template, or amounts remaining to be receipted.
- d. Ensures the Receipt status reflects “Approved by Finance.”
- e. Resolves errors on Receipts showing “Rejected by Finance” status. Contacts the IAS Receipt Document Error Manager (appropriate IAS Budget Approver) and/or the IAS Helpdesk.
- f. Emails the approved IAS Receipt confirmation number within 1 calendar day, to the COTR/POC or CO that requested the Receipt.

Note: If the IAS Receiver will be out of office, the IAS Receiver may set up a proxy so that another IAS Receiver within the office, division or agency (DM) may create the Receipt in IAS. IAS will send an email Receipt Proxy Notification to the designated user. In addition, a Centralized Receiver within the office, division or agency (DM) is able to create, return or correct Receipts.

- **Contracting Officer (CO).**

- a. Ensures that the contract specifies the appropriate designated agency invoice-to office, which will be program official's name, office address or email address, where the contractor is to send the invoice. Concurrently, may direct the contractor to send the invoice to the CO.
- b. Immediately, "date-stamps" the invoice with:
 - (For mail) - the actual date the invoice was received;
 - (For electronic transmission) - the actual date a readable transmission was received, or the next business day if received after normal working hours.
- c. **Do not** alter or correct the contractor's invoice.
- d. Reviews the invoice for the level of contract detail to make subsequent invoices easier to review and process.
- e. Ensures that the invoice is a proper invoice. The contents of a proper invoice are listed in Attachment 3, Quick Reference Guide: Invoice Payment Process.
 - If the invoice is improper, return the invoice within 7 calendar days, to the contractor.
 - State the reasons why the invoice is not a proper invoice in the notification to the contractor.
- f. Ensures that an invoice, which has been resubmitted by the contractor, reflects a new invoice date along with the required corrections.
- g. Forwards the "date-stamped" invoice within 2 calendar days or 1 calendar day (early discount payment), to the COTR or POC.
- h. Approves or disapproves payment of the invoices.

Note: Although recommendation for approval of an invoice is provided by the program officials, the authority to approve or disapprove payment of the invoices is the responsibility of the CO.
- i. Reviews for accuracy, the IAS-001 and the Invoice (date-stamped/certified) within 2 calendar days, after receipt from the COTR or POC.
- j. Ensures the COTR or POC has annotated applicable discounts for early payment as listed in the contract or invoice on the IAS-001. Discount for early payment means a reduced payment amount offered by the contractor if payment is made within the discount period.
- k. Signs and dates the IAS-001 in box #14 to authorize payment of the invoice.

- l. Advises the COTR or POC if there are any discrepancies or changes to be made to the Invoice Payment Log.
- m. Maintains a copy of the Invoice Payment Log provided by the COTR or POC with the contract to track the contactor's expenditures. A sample Invoice Payment Log is shown in Attachment 3, Exhibit B, which may be modified to include other pertinent data.
- n. Sends the IAS-001 and the Invoice (date-stamped/certified) by the 7th calendar day or 5th calendar day (early discount payment), to the Centralized Servicing Center (CSC). The CSC Remit Addresses are listed at <https://ias.usda.gov/>, click Guidance, click Oracle (iProc), and then click Invoicing Information.

Note: Best practices have shown that although agencies may have different procedures to review and approve invoices, some agencies have successfully avoided problems by having contracting personnel to review the invoices prior to submission for payment.

- **Controller Operations Division, Administrative Payment Branch Invoice Technician.**

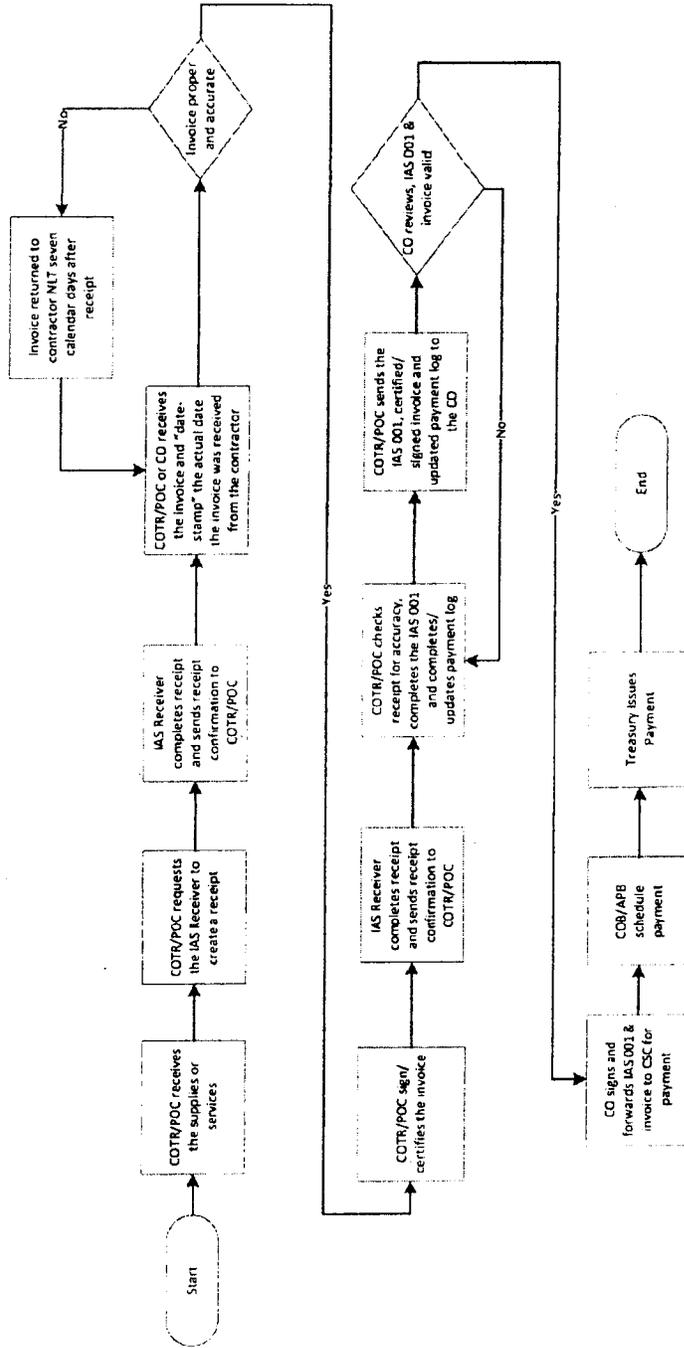
- a. Matches the invoice in IAS against the IAS Receipts specified on the IAS-001.
- b. Contacts the authorizing official on the IAS-001 when sufficient funds are not available to pay the invoice. The authorizing official will be contacted if the IAS-001 does not provide information on the funds distribution when the receipt for multiple lines is used.
- c. Enters the discount information based on the invoice and/or the IAS-001.
- d. Ensures validation and approval of the invoice in the financial system.
- e. Releases the invoice for payment to the financial system.

- **Financial System.**

- a. Checks to ensure the invoice references a valid IAS Receipt and IAS contract number. If the invoice fails the check, it is rejected back to IAS and APB technical contacts for resolution. If the invoice passes this check, it is accepted for payment.
- b. Determines when an invoice is scheduled for payment by using the standard business rules governing discounts, the Prompt Payment Act, and cash management guidelines.
- c. Checks to ensure the discount can be paid within the discount window. If the payment cannot be made within the discount window, or if the discount window has expired, payment is issued using the prompt payment rules. If the invoice can be paid within the discount window, the invoice is evaluated to determine:
 - The financial benefit for early discount payment.
 - The financial benefit for the payment at the latest date in the Prompt Payment Act.

- d. Issues the payment against the payment method providing the best financial benefit. If a discount is applied, payment is still held and released on the latest date within the discount window.
- e. Utilizes the “Date Invoice Received” and “Prompt Payment Code” on the IAS-001, and the “Date Goods and Services Received” on the IAS Receipt transactions to determine:
 - If the payment is late and then schedules the payment in the next batch release to Treasury where interest penalty is calculated and included with the payment as late payment interest to the contractor.
 - If the payment is on-time, schedules release of the payment on the last possible date and then Treasury issues the payment to the contractor.

Attachment 2 Invoice Payment Process Workflow (Departmental Management)





QUICK REFERENCE GUIDE: INVOICE PAYMENT PROCESS



MAY 2011

Issued By: DM/MS & OPPM

Improper Invoices must be returned to the contractor no later than the 7th calendar day after receipt, with the reasons why the invoice is not a proper invoice. (For specified food/dairy items, see FAR 32.905(b) (3)). **Do not** alter/correct the contractor's invoice.

Proper Invoices are to be processed by the 7th calendar day or 5th calendar day (payment discount) after receipt.

COTR *or* Point of Contact

1. Immediately, date-stamps the invoice with the actual date the invoice was received via mail or electronic (with next business day if received after working hours).
2. Ensures the invoice is a proper invoice (See *Proper Invoice on page 2*).
3. Returns the improper invoice within 7 calendar days, and state why the invoice is not proper with copy to the CO.
4. Verifies the accuracy of the invoice line item description, quantity, unit of measure, unit price, and price of the supplies or services accepted with the contract.
5. Annotates the COTR or POC signature, title and phone number and date on the invoice to certify and recommend approval of the invoice.
6. Completes the IAS Receipt Template (*Exhibit A*), within 2 calendar days after receipt of the supplies or services.
7. Emails the IAS Receipt Template to the appropriate office IAS Receiver to obtain an IAS Receipt Number. **Do Not** send the invoice to the IAS Receiver.
8. Completes the Invoice Cover Sheet for IAS Payment (IAS-001), hereafter "IAS-001." The IAS-001 may be found at <https://ias.usda.gov/>, click Guidance, click Oracle (iProc), and then click Invoicing Information.
9. Checks the IAS Receipt for accuracy and annotates the IAS Receipt Number (#) on IAS-001.

10. Annotates discounts for prompt payment on the IAS-001 in box #12.
11. Initials and dates the IAS-001 in box #13.
12. Completes and updates the Invoice Payment Log (*Exhibit B*) of the payments to monitor the contractor's expenditures under the contract.
13. Sends the IAS-001, Invoice (date-stamped/certified) and updated Invoice Payment Log within 4 calendar days or 3 calendar days (early discount payment) after receipt of the invoice to the CO. Failure to submit will delay payment.
14. Files the Invoice Payment Log and a copy of the invoice with the contract.

IAS Receiver

15. Creates, returns, or corrects the Receipt.
16. **Immediately**, contacts the COTR or POC, if there is a discrepancy with the PO line #s on the Receipt screen and the IAS Receipt Template, or remaining amounts to be receipted.
17. Ensures the Receipt reflects "Approved by Finance" status and resolves any rejects.
18. Emails the IAS Receipt Confirmation page showing "Approved by Finance" status within 1 calendar day, to the COTR or POC.

Contracting Officer

19. Immediately, date-stamps the invoice with the actual date the invoice was received via mail or electronic (with next business day if received after working hours).
20. Ensure the invoice is a proper invoice (See *Proper*

Invoice on page 2).

21. Returns the improper invoice within 7 calendar days, and state why the invoice is not proper.
22. Forwards the date-stamped invoice within 2 calendar days or 1 calendar day (early discount payment) after receipt of the invoice to the COTR or POC.
23. Reviews for accuracy and prompt payment discounts, the IAS-001 and the date-stamped/certified invoice data within 2 calendar days after receipt from the COTR or POC.
24. Approves or disapproves payment of the invoice.
25. Signs and dates the IAS-001 in box #14.
26. Advises Files the Invoice Payment Log and a copy of the invoice with the contract.
27. Maintains the Invoice Payment Log of the payments to monitor the contractor's expenditures under the contract.
28. Sends the IAS-001 and Invoice (date-stamped/ certified) by the 7th calendar day or 5th calendar day (discount payment) to the Centralized Servicing Center (CSC) (*See the CSC Remit Address below*).

✓ Check the Status of a Payment

Call the Controller Operations Division/Administrative Payment Branch at **800-421-0323**, press #2 (IAS), and then press #3 (IAS/Purchase Order Section). You will need to provide the Invoice and Contract number to the Invoice Technician.

✓ CSC Remit Address: Email & Fax

Offices	Remit: Email	Remit: Fax
DM	da.78244@stl.usda.gov	888-796-0537
OCFO	ocfo.78821@stl.usda.gov	888-796-0538
OCIO	ocio.78882@stl.usda.gov	888-796-0539
ASCR, HSEC, OBPA, OC, OCE, OCR, OES, OGC, NAD	daso.775521@stl.usda.gov	888-796-0536

Remit information listed at <https://ias.usda.gov/>, click Guidance, click Oracle (iProc), and then click Invoicing Information.

✓ Proper Invoice Contains:

- Name and address of the contractor
- Invoice date and invoice number
- Contract number, and/or Order or Call number
- Contract Line Item: Description, Quantity, Unit of Measure, Unit Price, and Extended Price of supplies or services performed
- Shipping & Discount Payment terms (discount % and net for prompt payment, shipment no, bill of lading no. and weight of shipment)
- Name, title, phone number and address of person to notify in the event of improper invoice
- Name and address of the contractor to receive the payment as listed in the contract or notice of assignment
- Taxpayer Identification No. and Electronic Funds Transfer data, if required by agency procedure. (*USDA does not required*)

✓ Proper Invoice Means:

There is no disagreement over quantity, quality, or contractor compliance with contract requirements.

✓ Improper Invoice is not Returned by the 7th Calendar day:

If the an agency fails to return the improper invoice to the contractor within 7 calendar days of receiving the invoice, the number of days allowed for payment of a corrected invoice is reduced by the number of days between the 7th calendar day and the day the improper invoice is sent to the contractor.

For example: If an agency receives an invoice on Nov. 1, but does not return it as improper to the contractor until Nov. 13, (5 days after required), and the agency receives a corrected invoice on Nov. 20, the payment due date is Dec. 14, or 5 days earlier, if the payment was due 30 days after receipt of a proper invoice.



Departmental Management & Staff Offices
United States Department of Agriculture

Invoice Payment Process Training

Presented by

Management Services

&

Office of Procurement and Property Management





Invoice Payment Process

Objectives

This training applies to invoices resulting from contracts in the Integrated Acquisition System (IAS)

- Prompt Payment Regulations and Laws
- Benefits: Properly and Timely Payments
- Proper Invoice Contents
- Improper Invoice
- Contract Administration
- Invoice Payment Process Workflow



Invoice Payment Process

Objectives

- Roles and Responsibilities:
 - ✓ Contracting Officer Technical Representative
 - ✓ Point of Contact
 - ✓ IAS Receiver
 - ✓ Contracting Officer
 - ✓ COD/Administrative Payment Branch Invoice Technician
 - ✓ Financial System



Invoice Payment Process

Prompt Payment Regulations & Laws

■ 5 Code of Federal Regulation (CFR), Part 1315

- In 1982, Congress enacted the Prompt Payment Act (“Act;” Pub. L. 97-177)
- Federal agencies are required to pay their bills on a timely basis, pay interest penalties when payments are made late, and take discounts only when payments are made by the discount date
- The Act, as amended, is found at 31 U.S.C. Chapter 39





Invoice Payment Process

Prompt Payment Regulations & Laws

- To implement the Act, and pursuant to 31 U.S.C. 3903(a), Office of Management and Budget (OMB) issued Circular A-125, "Prompt Payment" in August 1982 (47 FR 37321, August 25, 1982)





Invoice Payment Process

Prompt Payment Regulations & Laws

- Federal Acquisition Regulation (FAR), Subpart 32.9
 - Prescribes contract policies, procedures, and clauses for implementing OMB prompt payment regulations at 5 CFR Part 1315
 - Applies to invoice payments on all contracts, except contracts with payment terms and late payment penalties established by other governmental authority (e.g., tariffs)





Invoice Payment Process

Prompt Payment Regulations & Laws

- Agriculture Acquisition Regulation Subpart 432.9
 - Relates to determining payment due dates for supplies and services on the Procurement List and provided by a Javits-Wagner-O'Day Act participating nonprofit agency governed by FAR 8.709

- FAR 8.709 Payments

Make payments for supplies or services on the Procurement List within 30 days after shipment or after receipt of a proper invoice





Invoice Payment Process

Executive Order - Payment Integrity

- Executive Order 13520, dated November 20, 2009, requires agencies to improve payment integrity and reduce improper payments to eliminate payment error, waste, fraud, and abuse
- Improper payments may include:
 - overpayments and underpayments
 - duplicate payment
 - payment for services not received
 - payments for incorrect amounts
 - payments that should not have been made





Invoice Payment Process

Benefits: Properly and Timely Payments

- Reduces or eliminates interest penalties
- Ensures interest penalties are properly applied to late payments as required by regulation
- Enables reduced payments when discounts being offered provides a financial benefit to the agency
- Improves relations with contractors





Invoice Payment Process

Proper Invoice Contents (FAR, Subpart 32.9)

- Name and address of the contractor
- Invoice date and invoice number
- Contract number, and/or Order/Call number
- Contract Line Item: Description, Quantity, Unit of Measure, Unit Price, and Extended Price of supplies or services performed
- Shipping & Discount Payment terms (discount % and net for prompt payment, shipment no, bill of lading no. and weight of shipment)
- Name, title, phone number and address of person to notify in the event of improper invoice





Invoice Payment Process

Proper Invoice Contents (FAR, Subpart 32.9)

(-cont-)

- Name and address of the contractor to receive the payment as listed in the contract or notice of assignment
- Taxpayer Identification No. and Electronic Funds Transfer data if required by agency procedure.
(USDA does not require)





Invoice Payment Process

Improper Invoice

- An improper invoice must be returned to the contractor no later than the **7th calendar day** after receipt
- A reason why the invoice is not proper must be provided with the invoice to the contractor
- If the invoice is returned timely the due date will be adjusted to apply interest penalty
- Timeframe for specified food and dairy items are listed in FAR 32.905(b)(3)





Invoice Payment Process

Contract Administration

- Activities performed by government officials after award of the contract to determine how well the government and the contractor performed to meet the contract requirements
- Invoice payment constitutes a primary part of contract administration to ensure the government pays the contractor for the supplies or services the contractor delivered, which were accepted and received by the government





Invoice Payment Process

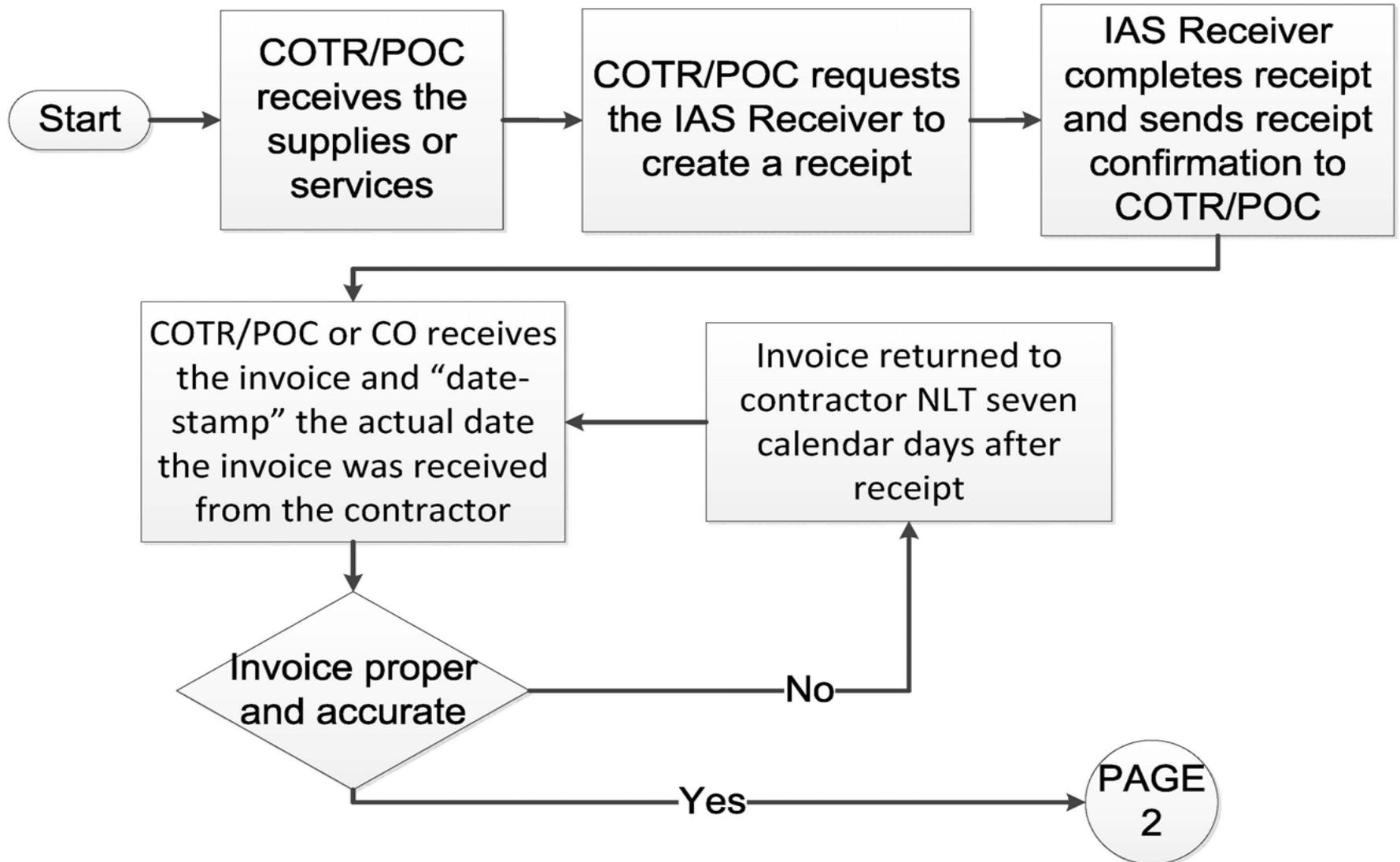
Contract Administration

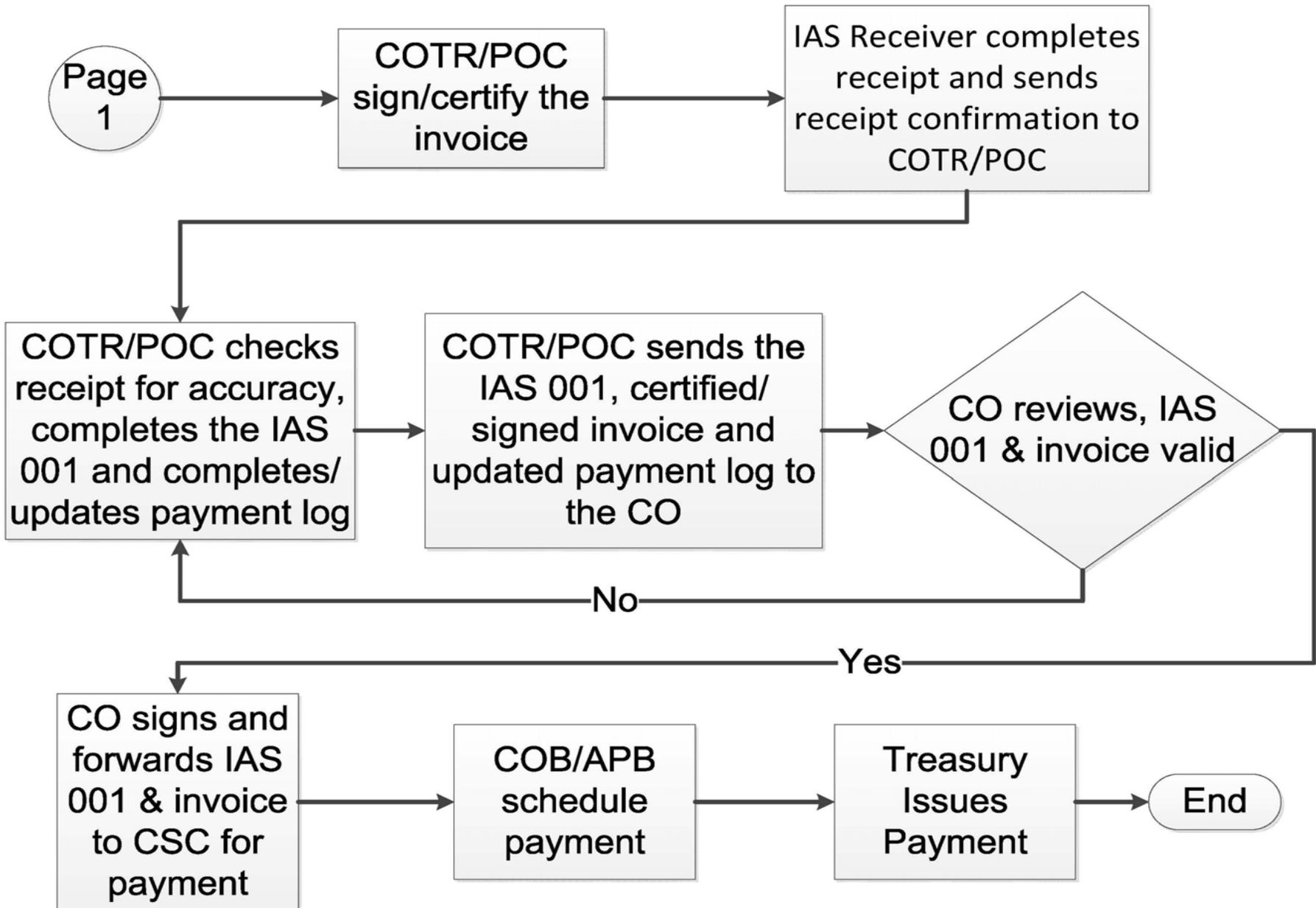
(-cont-)

- Contracting Officer Technical Representative, Point of Contact, IAS Receivers, Contracting Officer and the Invoice Technician play an integral role in reviewing, approving and issuing payment for the contract invoices



Invoice Payment Process Workflow (Departmental Management)







Invoice Payment Process

Roles & Responsibilities

Contracting Officer Technical Representative (COTR)

- a. Provides to the CO the designated agency invoice-to office (program official's name, office address or email address), where the contractor is to send the invoice
 - On the IAS Requisition, list the designated agency invoice-to office in the item description or in the “Notes to Buyer” field labeled as “Invoice-To”
- b. Immediately, “date-stamps” the invoice with:
 - (*Received via Mail*) - the actual date the invoice was received





Invoice Payment Process

Roles & Responsibilities

COTR (-cont-)

- (*Received via electronic transmission*) - the actual date a readable transmitted invoice was received, or the next business day if received after normal working hours
- c. **Do not** alter or correct the contractor's invoice
- d. Ensures that the invoice is a "proper invoice"
 - If the invoice is improper, return the invoice within 7 calendar days, to the contractor
 - State the reasons why the invoice is not a proper invoice in the notification to the contractor
 - Send a copy the notification to the CO





Invoice Payment Process

Roles & Responsibilities

COTR (-cont-)

- e. Ensures corrected invoices resubmitted by the contractor reflects a new revised invoice date and any other required corrections. The new revised invoice should be date-stamped
- f. Verifies the accuracy of the invoice line item description, quantity, unit of measure, unit price, and price of the supplies or services received and accepted in accordance with the contract





Invoice Payment Process

Roles & Responsibilities

COTR (-cont-)

- g. Signs, dates, and annotates title and phone number on the invoice to certify and recommend the invoice for payment



Note: *Certifying and recommending the invoice for payment implies the supplies or services (nature, type, quantity of effort or materials) were received, are being expended or progressing according to the contract.*



Invoice Payment Process

Roles & Responsibilities

COTR (-cont-)

- h. Completes the IAS-001, initials and dates box #13, and annotates any discounts for early payment as shown in the contract or invoice in box #12



Note: *Discount for early payment means a reduced payment amount offered by the contractor if payment is made within the discount period*



Invoice Payment Process

Roles & Responsibilities

COTR (-cont-)

- i. Completes the IAS Receipt Template within 2 calendar days after receipt of the supplies or services. The item to be receipted **must** be applied against the correct contract line item



Important: *In some instances, the IAS Receipt Template is completed after receipt of the invoice so the invoice can be referenced on the IAS Receipt. However be mindful, the Invoice Date **is not** the same as the “Date the Supplies or Services Received” **unless both** occurred on the **same** date*



Invoice Payment Process

Roles & Responsibilities

COTR (-cont-)

IAS RECEIPT TEMPLATE *(SAMPLE)*

The IAS Receiver will create, return or correct a Receipt, and then email the IAS Receipt Confirmation page within **1 calendar day**, after receiving the IAS Template to the COTR/POC. **Immediately**, contact the COTR/POC, if there is a discrepancy with the PO line #s on the Receipt screen and the IAS Receipt Template, or remaining amounts to be receipted.

Type of Action Create *(create, return or correct)*

Contract / Requisition No.	PO Line #	Item Description	Receipt Qty/Dollar	Date Goods/ Services Received	Receipt Comments <i>(period, inv #, etc., if known at receipting)</i>
AG-3142-D-10-0074	001	Leaders Training	\$55,900	12/18/10	Dec 7-18, 2010
AG-3142-D-10-0074	002	Cultural Training	\$44,100	12/18/10	Dec 14-18, 2010



Invoice Payment Process

Roles & Responsibilities

COTR (-cont-)

Note:

- *The “Date Goods and Services Received” is the actual physical date the supplies or services were received, not the date of the invoice, unless both the “Date of Invoice” and the “Date the Supplies or Services Received” occurred on the same date*
- *Inspection, acceptance or rejection of supplies or services should occur within 7 calendar days of delivery of supplies or completion of services*





Invoice Payment Process

Roles & Responsibilities

COTR (-cont-)

- Receipt - acknowledgment that the supplies or services are physically received by a Government official
- Acceptance - acknowledgment by an authorized Government official that supplies received and services rendered from the contractor conform to the contract requirements. Acceptance also applies to partial deliveries





Invoice Payment Process

Roles & Responsibilities

COTR (-cont-)

- Date Supplies or Services Received - the actual date the designated official received delivery of the supplies or services were performed
- Date Invoice Received - the actual date the invoice is received at the designated agency invoice-to office identified in the contract
- Date of the Invoice - the date listed on the contractor's invoice





Invoice Payment Process

Roles & Responsibilities

COTR (-cont-)

- j. Ensures the IAS Receiver is provided the proper information for the supplies or services received and accepted so that the IAS receipt contains the proper contract line item data





Invoice Payment Process

Roles & Responsibilities

COTR (-cont-)

- k. Monitors the contactor's expenditures by completing and updating an Invoice Payment Log

INVOICE PAYMENT LOG *(Example)*

Contract Number: **AG-3142-D-10-0074**

Invoice #	Invoice Amt	Contract Mod #	Contract Mod Amt (+ / -)	Contract Total: <u>\$250,000</u> Contract Balance:
DM001-11	\$100,000	---	---	\$150,000
DM002-11	\$50,000	---	---	\$100,000
DM003-11	\$45,000	---	---	\$55,000
FINAL DM004-11	\$54,900	---	---	\$100



Invoice Payment Process

Roles & Responsibilities

COTR (-cont-)

- I. Sends the IAS-001, Invoice (certified/signed) and a copy of the Invoice Payment Log within 4 calendar days or 3 calendar days (early discount payment) to the CO to authorize payment of the invoice. The invoice payment **must** be applied against the correct contract line item.



Note: Failure to provide the completed IAS-001, Invoice (certified/signed) and Invoice Payment Log to the CO will delay processing the invoice.



Invoice Payment Process

Roles & Responsibilities

Point of Contact (POC)

Same roles and responsibilities as the COTR, except the assessment of the invoice may only require acceptance of a delivery of supplies.





Invoice Payment Process

Roles & Responsibilities

IAS Receiver

- a. Creates, returns, or corrects the Receipts in IAS
- b. Ensures the PO Line #, amount or quantity is entered on the Receipt as shown on the IAS Receipt Template
- c. Contacts the COTR/POC or CO that requested the Receipt, if there is a discrepancy with the PO Line #s shown on the IAS Receipt screen and the IAS Receipt Template, or amounts remaining to be receipted





Invoice Payment Process

Roles & Responsibilities

IAS Receiver (-cont-)

- d. Ensures the IAS Receipt status reflects “Approved by Finance”
- e. Resolves Receipt with “Rejected by Finance” status to correct errors. Contacts the IAS Receipt Document Resolution Manager (*appropriate IAS Budget Approver*) and/or IAS Helpdesk
- f. Emails the approved IAS Receipt confirmation number within 1 calendar day, to the COTR/POC or CO that requested the Receipt





Invoice Payment Process

Roles & Responsibilities

IAS Receiver (-cont-)

Note: If the IAS Receiver will be out of office, the IAS Receiver may set up a Receiver Proxy so that another IAS Receiver within the office, division or agency (DM) may create the Receipt in IAS. IAS will send an email Receipt Proxy notification to the designated user.



In addition, a Centralized Receiver within the office, division or agency (DM) is able to create, return or correct Receipts



Invoice Payment Process

Roles & Responsibilities

Contracting Officer (CO)

- a. Ensures the contract shows the address of the designated agency invoice-to office (COTR/POC name, office address or email address) where the contractor is to send the invoice



Note: *May direct the contractor to send the invoice concurrently to the CO*

- b. Immediately, “date-stamps” the invoice with:
 - *(For mail)* - the actual date the invoice was received



Invoice Payment Process

Roles & Responsibilities

Contracting Officer (CO)

- *(For electronic transmission)* - the actual date a readable transmitted invoice was received, or the next business day if received after normal working hours
- c. Do not alter or correct the contractor's invoice
- d. Reviews the invoice for the details to make subsequent invoices easier to review and process





Invoice Payment Process

Roles & Responsibilities



CO (-cont-)

- e. Ensures that the invoice is a “proper invoice”
 - If the invoice is improper, return the invoice within 7 calendar days, to the contractor
 - State the reasons why the invoice is not a proper invoice in the notification to the contractor
- f. Ensures corrected invoices resubmitted by the contractor reflects a new invoice date and any other required corrections



Invoice Payment Process

Roles & Responsibilities

CO (-cont-)

- g. Forwards the “date-stamped” invoice within 2 calendar days or 1 calendar day (early discount payment), to the COTR or POC
- h. Approves or disapproves payment of the invoices



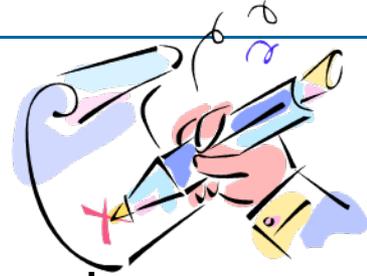
Note: *Although recommendation for approval of an invoice is provided by the program officials, the authority to approve or disapprove payment of an invoice is the responsibility of the CO*



Invoice Payment Process

Roles & Responsibilities

CO (-cont-)



- i. Reviews accuracy, the IAS-001 and the Invoice (*date-stamped/certified*) within 2 calendar days, after receipt from the COTR or POC Ensures the COTR or POC annotate discounts for early payment from the contract or invoice on the IAS-001
- j. Signs and dates the IAS-001 in box #14 to authorize payment of the invoice
- k. Advises the COTR or POC if there are any discrepancies or changes to be made to the Invoice Payment Log



Invoice Payment Process

Roles & Responsibilities

CO (-cont-)

- I. Maintains a copy an Invoice Payment Log provided by the COTR or POC with the contract to track the contractor's expenditures. The log may be modified to include other contractual data
- m. Sends the IAS-001 and the Invoice (*date-stamped/certified*) by the 7th calendar day or 5th calendar day (early discount payment), to the Centralized Servicing Center (CSC)





Invoice Payment Process

Roles & Responsibilities

CO (-cont-)

Note:

- *See the CSC Remit Addresses at <https://ias.usda.gov/>, click Guidance, click Oracle (iProc), and then click Invoicing Information*
- *Best practices have shown that although agencies may have different procedures to review and approve invoices, some agencies have successfully avoided problems by having contracting personnel to review the invoices prior to submission for payment*



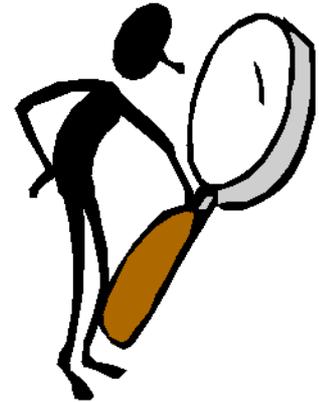


Invoice Payment Process

Roles & Responsibilities

Controller Operations Division, Administrative Payment Branch (COD/APB) Invoice Technician

- a. Matches the invoice in IAS against the IAS Receipts on the IAS-001
- b. Contacts the authorizing official on the IAS-001 when sufficient funds are not available to pay the invoice or if the IAS-001 does not provide information on the funds distribution when the receipt for multiple lines is used



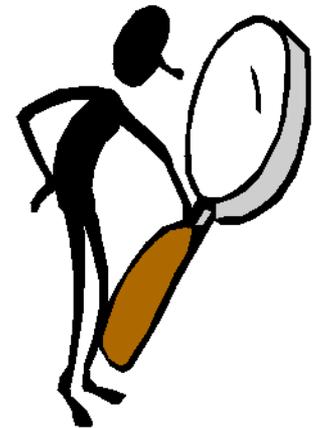


Invoice Payment Process

Roles & Responsibilities

COD/APB Invoice Technician (-cont-)

- c. Enters the discount information based on the invoice and/or the IAS-001
- d. Ensures validation and approval of the invoice in the financial system
- e. Releases the invoice for payment to the financial system





Invoice Payment Process

Roles & Responsibilities

Financial System

- a. Checks to ensure the invoice references IAS Receipt and IAS contract number.
 - If the invoice fails, it is rejected to IAS and APB technical contacts for resolution
 - If the invoice passes this check, it is accepted for payment
- b. Schedules the payment by using the standard business rules governing discounts, the Prompt Payment Act, and cash management guidelines



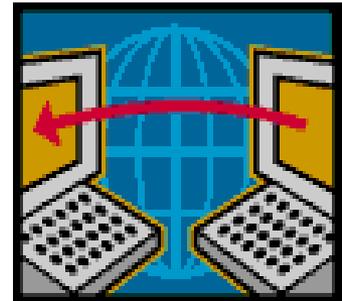


Invoice Payment Process

Roles & Responsibilities

Financial System (-cont-)

- c. Checks to ensure the discount can be paid within the discount window:
- If payment cannot be made within the discount window, or if the discount window has expired, payment is issued using the prompt payment rules
 - If the invoice can be paid within the discount window, the invoice is evaluated determine the financial benefit for:
 - ✓ early discount payment
 - ✓ payment at the latest date in the Prompt Payment Act





Invoice Payment Process

Roles & Responsibilities

Financial System (-cont-)

- d. Issues the payment against the payment method providing the best financial benefit
 - If a discount is applied, payment is still held and released on the latest date within the discount window
- e. Utilizes the “Date Invoice Received” and “Prompt Payment Code” on the IAS-001, and the “Date Goods and Services Received” on the IAS Receipt transactions to determine:



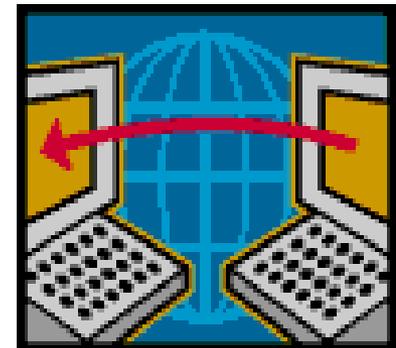


Invoice Payment Process

Roles & Responsibilities

Financial System (-cont-)

- If the payment is late and then schedules the payment in the next batch release to Treasury where interest penalty is calculated and included with the payment as late payment interest to the contractor
- If the payment is on-time, schedules release of the payment on the last possible date and then Treasury issues the payment to the contractor





Invoice Payment Process





QUESTIONS & ANSWERS