

## First 5 Commission of San Diego

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Subject: **In-Depth Invoice Review**

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Administrative Policy Number: **F5C-A08**

Effective Date: February 1, 2009

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### **Purpose**

To establish a First 5 Commission of San Diego (Commission) policy that addresses in-depth reviews of contractors' paid invoices. These reviews will consist of a more rigorous examination by Commission fiscal staff and verification of specific items on the paid invoices.

### **Background**

Contractors have the responsibility to demonstrate they have both the systems and processes in place to ensure that invoices submitted to the Commission are only for allowable, reasonable, and verifiable costs, as specified in their contracts. Commission contract monitoring staff shall ensure that service delivery objectives are tracked, implementation and evaluation plans are followed, and results are achieved, all within the fiscal requirements of the contract before authorizing payment of the contractor's invoice. Commission contract monitors shall follow the steps in Commission Administrative Policy F5C-A07: *Contractor Invoice Approval Procedure*, when authorizing payments.

### **Policy**

Commission fiscal staff will conduct an In-Depth Invoice Review (Review) utilizing the In-Depth Invoice Review Worksheet (Worksheet) to ensure consistent and documented reviews for contracts administered by the Commission (Attachment A). It is the goal of the Commission to review a minimum of two months of invoice data per contract year and report all gathered information in the Worksheet.

### **Procedures**

1. A Worksheet will be completed for each month of invoice data reviewed. Supporting documentation of significant reportable findings shall be attached. Testing is performed on invoice claims that have already been authorized for payment. Contract monitors have already determined that performance is satisfactory and that costs are reasonable before payment was authorized.
2. The Review shall be based on a representative sample as stated in the Worksheet. The sample should consider large dollar value line items and areas where potential issues could occur, as determined by HHSA - Agency Contract Support (ACS). The sample must include costs from both *Personnel* and *Operating Expenses*. Additional testing may be done at the discretion of fiscal staff.
3. Upon completion, the Worksheet shall be reviewed and approved by the Fiscal Manager.

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4. Completed Worksheets shall be filed in the contractor's file under the *Fiscal Review* tab.
5. A final letter shall be sent to the contractor notifying them of the results of the review. The final letter shall be signed by the Fiscal Manager, and a copy shall be kept in the contract file under the *Fiscal Review* tab.
6. If the Review reveals that the contractor has been paid for costs that are not allowable by the terms of the contract, the contractor shall make repayment as follows:
  - a. If the disallowance occurs and is discovered in the current open fiscal year, the next contractor invoice shall be offset by the amount disallowed.
  - b. If the contract year has already closed, the contractor shall make payment of the disallowed amount to the Commission within 30 days of notification.
7. If there are accounting or internal control procedures that require corrective action, the contractor will submit a Corrective Action Plan to the Commission within 30 days of notification.
8. If there appears to be serious, material, or systemic errors by a contractor that reflects a pattern of misunderstanding or incorrect interpretation of allowable expenditures, the Commission's Fiscal Manager shall report in writing to ACS the actions taken to address these issues.
9. The minimum invoice review schedule shall be based upon risk. Attachment B categorizes contracts in relation to frequency, timing and prioritizing of Reviews.

Sunset Review: February 2011

Approved:

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Laura Spiegel, Executive Director

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Date