



STANDARD HEALTH AND HUMAN SERVICE INVOICE REVIEW POLICY

Effective January 1st, 2021

Mayors Office of Contract Services (MOCS)

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I. Purpose

This policy is intended to define the parameters for a standard approach for the invoice review of NYC Health and Human Service contracts governed by the NYC Health and Human Services Cost Manual. Effective for all Fiscal Year 2021 Invoices submitted on or after January 1, 2021, this guidance represents the Standard Policy for the invoice review of NYC Health and Human Service Contracts. The purpose of this policy is to define a uniform approach to invoice review for NYC Health and Human Service Contracts that replaces former practice. A standardized Invoice Review Policy ensures clear and predictable guidance for contracted providers and creates the environment necessary for an efficient review practice for city agency staff. A standard policy and practice also aims to minimize the negative impact of payment delays on the delivery of critical social services. Additional documentation may be required where explicitly defined in the contract or governing state, federal or other grantor guidance. These additional requirements will be defined and cited in the contracting Agency's Fiscal Manual and/or Agency Program Guidance.

This policy is supported by a risk management approach which includes strengthened internal controls at Annual Fiscal Year Budget Review, pre-payment reviews targeted to high expenditure line items, sampling and testing post-payment, strategic corrective action, a standard fiscal audit approach, and performance monitoring.

The shared objective of the Annual Fiscal Year Budget Review, invoice review, and the fiscal audit is to verify the existence of the expense as well as the allowability, allocability, reasonableness, consistency, and tangible benefit to the contract. This suite of monitoring activities will ensure consistency of the accounting treatment, accuracy and validity of expenses.

II. Annual Fiscal Year Budget Review

The annual process of reviewing and approving the fiscal year contract budget which begins as early as February 1st preceding the fiscal year in question and is expected to conclude prior to the start of the fiscal year or contract term, whichever comes first, provides the initial control document for allowable expenditures. This review is an opportunity to establish a mutually agreed upon schedule of appropriate expenditures with providers. Contracting agencies may define additional documentation that is required during the Annual Fiscal Year Budget Review. These additional requirements will be defined and cited in the contracting Agency's Fiscal Manual. The following line items will be documented and verified during the budget approval process:

- Rent/Occupancy Costs
- Insurance
- Indirect Cost Rate (Centralized Process documented in PASSPort)
- Fringe Expense
- Subcontractor agreements, license agreements, vendor agreements
 - Where agreements may not be executed and available at the start of the fiscal year, providers should budget this funding in the unallocated line item. Once an executed agreement can be provided, the budget can be modified to reflect the funding in the appropriate invoiceable line item.
- Cost Allocation Plan/Methodology for shared PS/OTPS expenses

Monthly invoices must adhere to the documentation verified during the annual budget review process. In that case, additional documentation is not required to justify these line-items. Any modifications to these line-items should be accompanied by documentation that verifies the modification.

Vendors must notify the contracting agency at the beginning of the fiscal year of its intention to claim on an accrual basis with a list of anticipated line items impacted.

III. Invoice Timeliness

Invoices should be submitted by the 15th of the month following the service month and must be submitted no later than the 30th of the month following the service month. If a revision and resubmission of the invoice is required, this must occur within 5-7 days of the invoice return. An invoice may be returned for incomplete submission, variance to documentation, or significant variances in recurring costs.

Agencies will conduct their initial review of the submitted invoice within 5-7 days of submission, at which time the invoice will be returned for resubmission or moved forward in the approval process. The Agency review will be concluded within two weeks of the last submission date.

- Once an invoice is reviewed and approved for payment, Agencies will execute payment within two business days. Based on standard system processing timelines, the electronic funds transfer can occur up to 5 business days after the Agency executes the payment.

These timelines will assist in performance monitoring and to test whether conditions for Enhanced Pre-Payment Review have been met.

Alternative submission dates may be required in the contract or by governing state, federal or other grantor guidance. These timelines will be defined and cited in the contracting Agency's Fiscal Manual.

IV. Pre-Payment Review Process

In the pre-payment review process, Agencies must perform a trend analysis on recurring budget lines to identify any anomalies. In addition, Agencies must confirm that current staffing is adequate to deliver the required level of services. The pre-payment invoice review must also confirm that any equipment purchased was previously authorized and is properly inventoried. This pre-payment review practice will be applied to Invoices through the May Service Period. To ensure this standard, a complete monthly invoice submission must include:

- Payroll ledger;
- Equipment purchase documentation, where applicable;
- Vendors should indicate in HHS Accelerator Invoice Comments any claimed expenses that were accrued expenditures, where applicable. Expenses claimed when accrued must not be claimed again when paid;
- Contracting Agencies may define additional standard documentation requirements for expenditures related to direct client assistance (e.g., financial assistance, transportation benefit)
 - Such requirements will be identified and defined in the contracting Agency's Fiscal Manual and/or other Agency Program Guidance

The June Service Period invoice will be reviewed in accordance with the contracting agencies Year-end closeout process.

Please note:

- Failure to satisfactorily document OTPS expenses sampled during Post-Payment Review will trigger both a recoupment of unverifiable expenditures and the implementation of an Enhanced Review plan.

V. Post-Payment Review Process

Contracting Agencies will conduct sampling and testing of specific line-items throughout Fiscal Year. For each service month through May, selections will be made from the payroll ledger and general ledger provided in the monthly invoice submission. These reviews will be conducted post-payment but must conclude prior to the final closeout payment of the fiscal year.

Agencies will notify providers of the invoice service period and line item selection in writing. A standard review will not include more than 1-2 selections per invoice service period.

Providers are expected to return requested documentation within 5-7 days of the selection notification. For example, requested documentation may include such items as: timesheet for PS expenses, invoices, procurement documents like bidding documents, etc.

Agencies are expected to conduct their review within 5-7 days of receipt of documentation and will notify the provider in writing of the results of their review, including any corrective action that may be needed.

If sampled items are unable to be documented or the documentation submitted results in a material finding, the contracting agency will sample 1-2 more line-items for the service period invoice.

If these additional sampled items are unable to be documented or the documentation submitted results in a material finding, the agency will notify the provider in writing of the results of their review, including any corrective action that may be required and will implement an Enhanced Pre-Payment Review Plan

All paid claims remain subject to audit, regardless of the results of the Post-Payment Review process. The tiered approach to timely invoice review throughout the fiscal year does not replace the requirement for contracting agencies to perform fiscal audits of each contract, as defined in The City of New York Standard Audit Process Guide.

VI. Year-end Closeout Process

The June Service Period invoice will be reviewed in accordance with the Contracting Agencies Year-end Closeout process. The standard for review of this invoice and the final closeout date for a particular contract will be determined by the contracting agency in accordance with any and all oversight and funding requirements. The requirements will be defined and cited in the contracting Agency's Fiscal Manual.

VII. Performance-Based Payments

NYC Health and Human Service contracts may include performance-based or milestone payments. These review requirements and the timelines for submission will be defined and cited in the contracting Agency's Fiscal Manual.

VIII. Conditions for Enhanced Pre-Payment Review Plan

There are several indicators that may trigger the implementation of an Enhanced Pre-Payment Review plan by the contracting agency.

At the discretion of the contracting agency, these conditions may result in a more comprehensive Enhanced Pre-Payment Review Plan. Enhanced Pre-payment Review may require an organization to submit additional pre-payment justification for monthly expenditures on an ongoing basis. Indicators include:

- Multiple instances of Post-Payment corrective action required
- Incomplete invoice submissions
- Inability to provide requested documentation
- Chronically late invoice and/or documentation submissions
- Effective Corrective Action Plan
- Prior year Audit findings indicative of poor internal controls (eg. Unsupported/unallowable/unreasonable expenses claimed)

Providers will be notified in writing of any additional requirements if they have met the conditions for a Pre-Payment Enhanced Invoice Review Plan. Notification will include the triggering condition, the estimated duration of the Enhanced Review, the parameters of Enhanced Review and the milestones that must be achieved to exit the Enhanced Review period.

All paid claims remain subject to audit. The implementation of an Enhanced Review Plan during the fiscal year does not replace the requirement for contracting agencies to perform fiscal audits of each contract, as defined in The City of New York Standard Audit Process Guide.

IX. Corrective Action

If the triggering condition is not addressed during the implementation of an Enhanced Review Plan, the contracting agency can direct a targeted audit of the contract and/or provider or pursue a formal Corrective Action Plan.

X. Performance Reporting

Several performance metrics are defined above. MOCS will develop both public tracking tools and internal aged-action reports to monitor and improve timeliness in this process. These metrics will include:

- Invoice Submission Timeliness
- Invoice Review Timeliness
- Payment Timeliness
- Budget Modification Timeliness

XI. APPENDIX A: Standard Pre-Payment Documentation (Personnel Worksheet)

Provider must upload a report as part of their initial invoice submission which includes the following data points.

- Personnel Compensation (not including Fringe)
 - Program Name
 - Budget Title
 - Employee's Corresponding HHS Accelerator Position Title
 - Employee Identifier (Employee Name and/or Employee ID)
 - Pay Date
 - Pay Date Amount
 - Total Invoiced

EXAMPLE

Sample Invoice – (HHS Accelerator)

TOTAL: \$50,042.21

Salaried Positions	# Positions	Remaining Amount	Invoice Amount
TOTAL	3		\$ 13,140.02
Assistant Director	1	0	\$ 4,634.62
Job Developer	1	0	\$ 4,230.40
Site Administrator	1	0	\$ 4,275.00

Hourly Positions	# Positions	Remaining Amount	Invoice Amount
TOTAL	12		\$ 36,902.19
Career Advisor/Coach	2	0	\$ 6,682.23
Administrative Assistant (612)	3	0	\$ 7,928.40
Case Manager (301)	3	0	\$ 9,946.36
Facilitator	2	0	\$ 6,075.80
Program Coordinator	1	0	\$ 3,731.20
Timekeeper/Coordinator	1	0	\$ 2,538.20

Sample Provider Report (excel)

Program	Budget Title	HHS Title	Name	Employee ID	Wage Type	Pay Date: 6/12/2020	Pay Date: 6/26/2020	June Total
Service A	Sub-Budget A	Assistant Director	Parker, Peter	109123	Salary	2,317.31	2,317.31	\$4,634.62
Service A	Sub-Budget A	Job Developer	Stark, Anthony	100071	Salary	2,115.20	2,115.20	\$4,230.40
Service A	Sub-Budget A	Site Administrator	Rodgers, Steven	136891	Salary	2,137.50	2,137.50	\$4,275.00
Service A	Sub-Budget B	Administrative Assistant (612)	Banner, Bruce	987678	Hourly	1,406.40	1,406.40	\$2,812.80
Service A	Sub-Budget B	Administrative Assistant (612)	Lang, Scott	345654	Hourly	1,278.90	1,278.90	\$2,557.80
Service A	Sub-Budget B	Administrative Assistant (612)	Odinson, Thor	987891	Hourly	1,278.90	1,278.90	\$2,557.80
Service A	Sub-Budget B	Career Advisor/Coach	Pym, Janet	987609	Hourly	1,681.43	1,692.00	\$3,373.43
Service A	Sub-Budget B	Career Advisor/Coach	Romanof, Natalia	678456	Hourly	1,654.40	1,654.40	\$3,308.80
Service A	Sub-Budget B	Case Manager (301)	Charles, Luke	124578	Hourly	1,663.20	1,663.20	\$3,326.40
Service A	Sub-Budget B	Case Manager (301)	Celestine, Mandy	135789	Hourly	1,653.60	1,653.60	\$3,307.20
Service A	Sub-Budget B	Case Manager (301)	Danvers, Carol	125609	Hourly	1,682.84	1,629.92	\$3,312.76
Service A	Sub-Budget B	Facilitator	Wilson, Sam	348745	Hourly	1,537.90	1,537.90	\$3,075.80
Service A	Sub-Budget B	Facilitator	James, Rhody	987348	Hourly	1,500.00	1,500.00	\$3,000.00
Service A	Sub-Budget B	Program Coordinator	Quill, Peter	450912	Hourly	1,865.60	1,865.60	\$3,731.20
Service A	Sub-Budget B	Timekeeper/Coordinator	Raccoon, Rocket	430912	Hourly	1,269.10	1,269.10	\$2,538.20

\$50,042.21

XIII. APPENDIX C: Notification Templates

Notification for Post-payment Review

Subject Line: Post-payment Review Notification – Documentation Request

This serves as notification of the Line Item expenditures sampled for post-payment review.

Contract#: [insert]

Invoice #: [insert]

Invoice Service Period: [insert]

Line-Item selection: [insert]

Your organization's selection does not necessarily indicate any concern with your monthly invoice submission. Please submit documentation that fully substantiates the claim for reimbursement of the selected line-item(s) within seven (7) calendar days of this notice. Receiving this information in a timely manner will allow us to fully review your organization's invoice documentation.

You will receive an update on the status of this post-payment review within seven (7) calendar days of receipt of the required documentation.

If you have any questions, please contact me at [insert agency contact email].

Thank you.

Notification for Approaching Enhanced Pre-Payment Review

Subject Line: Approaching Enhanced Pre-payment Review

This email is to notify that your organization is approaching Enhanced Pre-Payment Review.

Our review of the initially selected line-items resulted in a material finding. This material finding requires an additional selection of line-item expenditures for review.

Contract#: [insert]

Invoice Service Period: [insert]

Invoice #: [insert]

Initial Line-Item selection: [insert]

Material Finding: [insert]

Correction Required: [insert]

Additional Line-Item selection: [insert]

Please submit documentation that substantiates the claim for reimbursement of these additional selected line-items within seven (7) calendar days of this notice. Receiving all requested information in a timely manner will allow us to fully review your organization's invoice documentation and notify you on whether your invoice will require corrective action(s).

You will receive an update on the status of this post-payment review within seven (7) calendar days of receipt of the required documentation. At that time we will notify your organization if the documentation has satisfied the requirement or if any corrective actions are necessary and/or if you will be placed on a comprehensive Enhanced Pre-Payment Review Plan.

If you have any questions, please contact me at [\[insert agency contact email\]](#).

Thank you.

Notification for Enhanced Pre-payment Review Plan

Subject Line: Enhanced Pre-Payment Review Plan – Action Required

This email is to confirm that your organization has met the conditions for an Enhanced Pre-payment Review Plan. The Enhanced Pre-payment Review Plan will require a submission of additional pre-payment justification for monthly expenditures on an ongoing basis until the expiration of this plan as identified below.

Based on the triggering condition outlined below, we require the following documentation be submitted with your invoice submission for pre-payment review

- [\[insert triggering condition – e.g., history of incomplete invoice submissions\]](#)
- [\[insert estimate duration of Enhanced Pre-payment Review – e.g., Starting XX/XX for X months\]](#)
- [\[insert parameters of Enhanced Pre-payment Review – e.g., general ledger\]](#)

If you have any questions, please contact me at [\[insert agency contact email\]](#).

Thank you.