



ACCOUNTING POLICY AND PROCEDURES (APP) MANUAL

TOPIC: Section 1 – Business Standards 1.2	EFFECTIVE DATE: 01/20/2012
TITLE: Invoice/Payment Approvals – Basic Standards	REVISION DATE:
AUTHORIZED BY: Deputy Director, Bureau of Fiscal Services	

BACKGROUND

Based on State and Federal audit and allowable cost policies, the Department can only reimburse costs that are specifically authorized by the appropriate authority and that meet certain basic documentation standards. This APP explains and specifies what constitutes sufficient documentation for invoices/payments to be approved and reimbursed.

POLICY

Standard business and Pre-Audit policies of the state require that all reimbursements for goods and services be acknowledged and approved by an authorized person. Payments are to be made from an original document such as an invoice that has basic information about the service or product and cost. Goods and services must be received or performed before invoices can be paid.

PROCEDURES AND SPECIFIC CRITERIA

1. Each invoice or “request for payment document” must include a description of services or product delivered, the entity or person requesting payment, dates of services, date of invoicing and sufficient cost detail. If necessary, a breakout of the various costs by service or item should be provided in order for the approver to have adequate information.
2. The transaction must be in compliance with Department policies and program goals. The transaction must not be outside of statutory and budgetary intent.
3. The cost shall be “necessary and reasonable” based on all applicable state and federal allowable cost policies.
4. The Provider and the selection of the provider must be in compliance with state Procurement policies and shall be authorized to provide the services. When the state is reimbursing a “first party” who is requesting reimbursement for amounts paid for an authorized good or service to a “second party”, the Department requires sufficient evidence that the cost is necessary and appropriate and that party requesting reimbursement has incurred and paid the “second party”. An example would be a non-state employee serving on a committee requesting reimbursement for a “reasonable accommodation” or a contractor requesting reimbursement for costs outside of a state contract.
5. The document and/or invoice is mathematically accurate and complete.
6. Sufficient budget resources authorized by state appropriations are available to pay for the cost.
7. For transactions requiring a contract, such contract has been fully executed (signed by both the Department and the provider) and is on file.
8. The invoice must be approved for payment (OK to Pay) by an authorized person of the state and contain a certification that the goods and services were received. In addition all other basic approval and accounting system processing policies apply and are in compliance with APP 5.0.

The following outlines basic elements of an acceptable “Invoice or request to pay” document. The form used or submitted by the person or organization can vary as long as the components below are included.

(Sample)

Payment Request/Invoice

Organization or provider name: Independent Living Date _____ Invoice Date _____

Or

James Smith (Licensed Personal Care Therapist)

Description of Service or product provided:

Personal Care Services to Handicapped Committee Member

Dates of service: 12/11/11

COST TO BE REIMBURSED (please itemize the major services or products, unit cost and total to be paid):

<i>4 hours of care and reasonable accommodation @ \$30 per hour</i>	<u>Amount</u>
	<i>\$120</i>

Contract reference if applicable: *N/A*

TOTAL AMOUNT TO BE PAID: \$120

DHS Approving authority:

Print name:

Signature _____

(Signature certifies that services or goods have been received and are acceptable.)

REFERENCES

[DHS APP Section 9, FMS Processing 5.0](#) (Invoice/Voucher Approval and Certification of Goods and Services Received)

[DHS APP Section 1, Business Standards 1.0](#) (Basic Standards for Financial Transactions)

CONTACTS

[Expenditure Accounting Section Chief](#)