



ACQUISITION
AND SUSTAINMENT

OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

APR 30 2019

MEMORANDUM FOR COMMANDER, UNITED STATES SPECIAL OPERATIONS
COMMAND (ATTN: ACQUISITION EXECUTIVE)
COMMANDER, UNITED STATES TRANSPORTATION
COMMAND (ATTN: ACQUISITION EXECUTIVE)
DEPUTY ASSISTANT SECRETARY OF THE ARMY
(PROCUREMENT)
DEPUTY ASSISTANT SECRETARY OF THE NAVY
(ACQUISITION AND PROCUREMENT)
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE
(CONTRACTING)
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Improvement to Voucher/Invoice Reviews in Contingency Operations

As a result of a recommendation from the Department of Defense Inspector General report DODIG-2018-119 regarding monitoring contractor billings, this memorandum serves as a reminder that contracting activities performing contract administration duties in contingency operations should be performing thorough reviews of vouchers/invoices prior to their approval. Such a review would highlight questionable and potentially unallowable costs faster, ensuring payment is made for actual work performance in accordance with the terms and conditions of the contract.

While the Defense Contract Audit Agency (DCAA) and Administrative Contracting Officers (ACOs) have the sole authority of approving interim and final vouchers/invoices, respectively, on other than fixed-price contracts, the voucher/invoice review process should be a team effort with Contracting Officer's Representatives (CORs) reaching out to DCAA and ACOs as soon as possible when issues arise with a submitted voucher/invoice.

In contingency environments, in-country oversight personnel are in the best position to augment prepayment reviews. Contracting Officers (COs) should reinforce this vital role to their CORs and highlight some best practices a COR should undertake in their voucher/invoice review, including (but not limited to):

- Ensuring costs in the invoice are consistent with the COR's records of monitoring contract performance. If not, the COR should request supporting information from the contractor; e.g., CO written approvals prior to incurring travel or overtime.
- Ensuring hours worked equal hours invoiced. This may be done by reviewing time cards and sign in/out sheets.
- Verifying materials and services were required by the contract and delivered/accepted by the Government. This may be done by obtaining copies of invoices, if not included in the voucher.

- If invoicing problems are noted, communicating issues with DCAA through the CO so issues can be considered during the auditor's voucher approval process.

The attached checklist provides relevant factors for the COR to consider prior to DCAA and the ACO's approval/rejection of the voucher/invoice. Additionally, the COR Handbook will be updated to reflect this guidance.

My point of contact, Lt Col Tonya Bronson, is available at tonya.j.bronson.mil@mail.mil or 703-692-5171.

A handwritten signature in black ink, appearing to read 'K. Herrington', written in a cursive style.

Kim Herrington
Acting Principal Director,
Defense Pricing and Contracting

Attachment:
As stated

Payment Approval/Recommendation Checklist

This checklist should be used to ensure that an invoice is approved only after the consideration of all relevant factors. The checklist is annotated for use with cost or fixed-price contracts and for use when Wide Area Workflow (WAWF) is available or is not.

Invoice Number:

Total Amount of Invoice (when WAWF is not available):

Vendor Name (when WAWF is not available):

Contract Number:

Task Order Number:

Modification Number:

Agency/Office Code (when WAWF is not available):

Date Invoice Received By Payment Office (when WAWF is not available):

Compliance Question	Yes (insert checkmark)	No (make comment for follow-up with contractor or describe why invoice should still be paid) For deductions, describe next to relevant question
<p>Is the invoice document in compliance with contract requirements?</p> <p>a. Is the identifying information correct (e.g., contract and task order number, CLIN or sub-CLIN number)?</p> <p>b. Is the invoice dated?</p> <p>c. Is the billing period correctly stated, with no overlaps with other invoices?</p> <p>d. Is adequate shipping information included?</p> <p>e. Is the remittance address included?</p> <p>f. Are prompt pay discounts offered (when payments are subject to prompt pay, usually for a cost-reimbursement contract rather than a fixed price contract)?</p> <p>g. Is a point of contact identified?</p>		
<p>Has the contractor submitted required deliverables for this invoice period? Were they delivered on time?</p>		
<p>Is the quality of the deliverables or services acceptable and in compliance with the terms of the SOO, SOW, or PWS?</p>		
<p><i>For cost contracts or cost elements of mixed-type contracts:</i></p> <ul style="list-style-type: none"> • Are the labor hours, travel, subcontract, equipment, and ODCs (detailed below) 		

Compliance Question	Yes (insert checkmark)	No (make comment for follow-up with contractor or describe why invoice should still be paid) For deductions, describe next to relevant question
<p>reasonable and commensurate for the type and nature of work completed during the invoice period?</p> <p>Labor Hours</p> <ul style="list-style-type: none"> • Are the skills and labor categories needed for the work performed? • Is the level of expertise billed consistent with the work performed (neither too little nor too much experience)? (Compare to the contract and proposal. If the agency is paying for too high a level of expertise than that needed for the job, funds will likely run out before the work is completed. If the level of expertise is too low, performance will suffer.) • Is any OT authorized in writing in the contract? • Are management hours disproportionate to worker hours? <p>Travel</p> <ul style="list-style-type: none"> • Is the travel authorized by the contract? • Are the mode and class of travel consistent with contract terms? • Was any required prior approval obtained? <p>Subcontracts</p> <ul style="list-style-type: none"> • Are subcontracts consistent with the Subcontract Plan and subcontract approval requirements in the contract? <p>Equipment</p> <ul style="list-style-type: none"> • Is any purchased equipment required for performance of the contract? • Has the equipment been properly reported (if required for tracking purposes) consistent with the agency's reporting requirements? <p>ODCs</p> <ul style="list-style-type: none"> • Are all ODCs clearly described and tied to a task performed in the billing period? 		
Are you aware of any current or future problems that might adversely affect contractor performance?		
<p>Are there any funding issues?</p> <ul style="list-style-type: none"> • Are funds available to cover the invoice? • Are the unexpended funds sufficient to complete the work required for this project? 		

Compliance Question	Yes (insert checkmark)	No (make comment for follow-up with contractor or describe why invoice should still be paid) For deductions, describe next to relevant question
<ul style="list-style-type: none"> • Is the rate of spending consistent with performance? 		

CURRENT AMOUNT DUE: \$

FFP

I APPROVE PAYMENT

I DO NOT APPROVE PAYMENT

N/A

OTHER THAN FFP

I RECOMMEND PAYMENT

I DO NOT RECOMMEND PAYMENT

N/A

REASON FOR DISAPPROVAL/NO RECOMMENDATION (short summary of relevant comments and information provided above):

HOLD-BACK AMOUNT (under terms of contract¹): \$

Complete the following when WAWF is not available:

COR Signature: _____ Date: _____

Contracting Officer Signature: _____ Date: _____

¹ For instance, FAR Subpart 52.232-5, "Payment under Fixed-Price Construction Contracts," permits a maximum retention of 10 percent of the amount of the payment until satisfactory progress is achieved, unless the contracting officer approves a lower retention percentage.