

Chapter 5: Invoices (Requests for Payment)

Topic: Processing

Summary

In order to receive payment, subrecipients must submit invoices or “requests for payment” to the Contract Managers. It is the Contract Manager’s responsibility to review those invoices, work with the subrecipient to resolve any identified issues, and to take the first step in processing the invoices for payment. Barring any issues that delay processing, Contract Managers will process invoices within 2 business days of receipt.

Contract managers are authorized to approve subrecipient invoices for payment once the subrecipient contract is executed, assuming the invoice does not exceed the contract budget for any activities.

The Portland Housing Bureau funds subrecipient operations on a reimbursement basis only. Exceptions to this are made only at the bureau director’s discretion except as otherwise documented in this policy & procedure.

Procedures & Key Information

The subrecipient may send the signed invoice to the Contract Manager in one of three ways:

- Via email (as a PDF)
- Via fax
- Or as a hardcopy via US mail or other physical delivery method.

Subrecipients do not need to send the original hard copy invoice to PHB if they have already sent an electronic version. Once the invoice is received:

- The Contract Manager (CM) must verify that:
 - The invoices meet the city format requirements
 - Reimbursement is for costs eligible under the regulations of the specific funding source. (See “Introduction / Funding Sources” section and “Subrecipient Monitoring / Subrecipient Administrative Compliance Requirements” sections.)
 - Required backing documentation is received. (See “Invoice Format & Backing Documentation Requirements” section in this chapter.)

If the invoice does not meet the requirements above, the CM cannot process it for payment. The CM must contact the subrecipient and request any missing information and, if necessary, request a new, corrected invoice.

- Once the invoice is deemed satisfactory, the CM stamps a hard copy of the invoice with an invoice stamp, fills out the information required, and then initials it in the “Approved By” space. Stamps are available for each Contract Manager from a member of the PHB administrative team.
- CM will then make a copy of the invoice to maintain in the contract file until a contract specialist returns the original stamped invoice.

- The CM will then forward the hard copy invoice to a Contract Specialist (CS) on the Finance & Accounting team.
- The CS reviews the invoice for accuracy and then processes a “goods receipt” in SAP (the City’s financial management system). The CS then forwards the invoice to an accountant on the Finance & Accounting team.
- The Accountant then processes an “invoice receipt” in SAP. If the invoice is related to federal funding, then the Accountant I gives the invoice to the Grants Analyst, who submits the invoice as part of a billing so that PHB can be reimbursed by the grantor.
- The F&A team then returns the invoice to the Contract Manager.

The following information pertains to the timing of reimbursement:

- The city operates on a 30 day billing cycle, and will not pay an invoice until 30 days after the end of the invoice billing period. (See the section on “Invoice Submission Issues” for a definition of billing period.)
- An exception to this rule is when the invoice includes funds needed at escrow for closing. To enable expedited payment, the Contract Manager must write a provision for immediate disbursement into the “Compensation and Method of Payment” section of the contract. This can be as simple as: “The City will process invoices for immediate payment.”
- If the subrecipient desires, a representative from the subrecipient may pick up the check from the office of the auditor on the ground floor of City Hall in lieu of having it mailed. The Contract Manager must arrange this in advance by notifying the PHB accountant prior to processing. The check is usually available at the auditor’s office the day after the City check run (when checks are printed). The auditor’s office will call the PHB accountant when it is ready, who will then call the subrecipient.

Chapter 5: Invoices (Requests for Payment)

Topic: Invoice Format & Backing Documentation Requirements

Summary

Subrecipient contractors will submit invoices that follow the standard PHB subrecipient invoice format. Exceptions to this can be made only if the funding source requires a modification to the format, or if the subrecipient makes a compelling argument for an alteration to the format.

Procedures & Key Information

See the standard template of the PHB invoice (“request for payment”) form that each Contract Manager adapts and inserts into the original contract with the subrecipient or contractor.

For administrative ease, the Contract Manager should separate line items on the invoice by funding source and clearly indicate the funding source used. For example, for a contract receiving CDBG and General Fund, the subrecipient would:

- List all line items using CDBG, and include a subtotal
- List all line items using General Fund, with a subtotal
- Include a grand total with the sum of both funding sources.

Invoices are generally labeled Exhibit B in the contract because they follow the budget in Exhibit A, and need to be based on it. The invoice should consolidate individual budget line items into the following general categories:

- **Personnel** – Salary & benefits associated with direct program activity
- **Operating Expenses** – Non-personnel expenses associated with direct program delivery
- **Administrative Expenses** – Personnel & non-personnel expenses billed
- **Client Assistance** – Funds passed through subrecipient directly to clients

PHB does not require all subrecipients to submit backing documentation along with the invoice. However, contract managers may require financial or programmatic documentation be submitted along with the invoice. These requirements may be spelled out in the contract or the CM may request it on an ad hoc basis. Additionally, subrecipients must maintain files that comply with Federal requirements. (See “Subrecipient Monitoring / Subrecipient Administrative Compliance Requirements” section for more detail.)

Chapter 5: Invoices (Requests for Payment)

Topic: Invoice Submission Issues

Summary

There are numerous issues that can delay invoice payment to a subrecipient agency. The City's Central Financing and Accounting will typically not process invoices that deviate from the prescriptions stated below. Aberrations may also raise concerns for auditors.

The PHB Finance & Accounting team reserves the right to suspend processing of an invoice until issues of the nature described below are resolved.

Procedures & Key Information

The Contract Manager must work with the subrecipient employees to ensure they understand how to correctly prepare invoices. A checklist is included as Appendix J to assist subrecipients and contractors. The following are the basic requirements:

- **Letterhead:** The invoice must be printed on letterhead, and that letterhead must include contact information for the subrecipient or contractor.
- **The Contract Number:** The number must be printed clearly on the invoice.
- **The Math:** The line items must add up to the correct totals, and the *Billed Year to Date* and *Balance* amounts must be accurate. Contract managers may wish to maintain their own spreadsheets tracking subrecipient expenditures, as this can save time and avoid confusion.
- **Signatures:** Two signatures are required. Both the person who prepares the invoice and a *different* person who authorizes the invoice must sign and date each invoice.
- **Reimbursement:** The city will only reimburse organizations for eligible contract costs; it will not make advances to cover expenses yet to be incurred or paid. (The only exception to this rule is when contract funds are needed in escrow for closing on a property – see the “Invoices/Invoice Format” section for detail.)
- **Contract Grant Period:** This is the period of time during which the contract is valid, usually based on the city fiscal year, July 1 through June 30 of the following year. The City will not pay for expenses incurred outside this period. PHB also requires final invoices be received by the deadline defined in the subrecipient contract.
- **Invoice Billing Period:** This period – typically a calendar month or quarter of a fiscal year – marks the period for which the subrecipient is billing PHB. The subrecipient will include only those expenses it recorded in its financial system during that period. For example, services rendered to the subrecipient in July but not paid by the subrecipient until August would be included with the August billing. The City will pay the invoice only if the billing period has ended, and it falls within the contract grant period.
- **Funding Source:** Funding sources must be clearly and accurately indicated on subrecipient invoices. If these are inaccurate, the Contract Manager must request a corrected invoice from the subrecipient. It is unacceptable for the CM to correct the funding sources on the invoice on the Subrecipient's behalf.
- **Eligibility:** If the CM determines costs billed by the subrecipient are ineligible, the CM will contact the organization, explain which costs are not allowable and request a corrected invoice that excludes the ineligible costs. (See “Contract Budget / Allowable Expenses” section for more detail.)

- **Backing Documentation:** Backing documentation must meet requirements defined in the contract. See “Invoice Format & Backing Documentation Requirements” section in this chapter.
- **Deliverables:** The CM may refuse to process the invoice if the subrecipient does not submit regular and timely progress reports as required by the contract if this provision is included in the contract. (See the “The Contract Document / Constructing Subrecipient and Omnibus Contracts” for more detail.)