

**APPENDIX S
PAYMENT APPROVAL TEMPLATE**

ACTION: Payment under *(Enter the DHS number assigned to the contractual instrument)*

From: *(Enter the name and title of the individual authorized to sign this portion of the memorandum - e.g., contracting officer, specialist/administrator, etc.)*

To: *(Enter the name of the person to whom the memorandum is being sent - e.g., contracting officer's representative, inspector, etc.)*

The attached invoice/voucher was submitted by the contractor for payment under the subject contract. Please review this document and provide, as appropriate, your recommendation or acceptance by endorsement below.

(Signature of individual authorized to sign)

Attachment *(Enter the invoice or voucher number and the amount)*

FIRST ENDORSEMENT

From: *(Enter the name and title of the individual authorized to sign this portion of the memorandum - e.g., Contracting Officer's Representative, inspector, etc.)*

To: *(Enter name of the person to whom the memorandum is being sent - e.g., contracting officer, specialist/administrator, etc.)*

I have reviewed the attachment(s) and the following applies *(check one)*:

(a) Cost-reimbursement contract. I recommend ___ approval ___ disapproval. The costs incurred ___ are ___ are not reasonable or allocable for the reasons indicated on the attachment.

(b) Fixed-price contract. I recommend ___ approval ___ disapproval.

(1) The supplies or services were accepted on _____ OR

(2) The supplies or services ___ are not acceptable for the reasons indicated on the attachment.

(c) Progress Payment. I recommend ___ approval ___ disapproval for the reasons indicated on the attachment.

(Signature of individual authorized to sign)

Attachment

SECOND ENDORSEMENT

From: *(Enter name of the Contracting Officer)*

To: *(Enter name of the Finance Officer)*

The attached Invoice/Voucher No. *(Insert number and amount)* is approved for payment in the amount of *(Insert amount)*. After this payment, the balance remaining available for payment under this contract is *(Insert amount)*. Please contact me if this balance does not agree with your payment record.

(Signature of Contracting Officer)

Attachment

**.....
VOUCHER/COMMERCIAL INVOICE SUPPORT LETTER (T&M/LH CONTRACTS
OR ORDERS) per HSAM 3032.7002(d)(3).**

Below is a sample letter that should be sent from a contracting officer to a contractor whenever the contracting officer delegates authority to a COR to approve interim payment vouchers/commercial invoices under a time-and-material/labor hour contract or order. The letter may also be sent when the contracting officer retains authority to approve interim vouchers/commercial invoices. This letter directs the contractor to provide certain information with each voucher to support payment of the amount requested. Additional support information may be added to the list contained in the letter.

Contractor Name
Street Address
City

Dear (name of contractor POC),

Your contract (insert contract number) requires the Government to approve individual vouchers/commercial invoices prior to interim payments being made under the contract. An essential portion of this responsibility involves ensuring that the payment amounts are correct and that the amounts are adequately supported by information provided by the contractor. The payment clause in your contract requires you to substantiate vouchers with information determined necessary by the contracting officer to support payment amounts requested for labor hours expended or material costs incurred. Accordingly, for each voucher/commercial invoice submitted for approval for an interim payment, you are directed to provide the following accompanying information:

- A calculation showing the number of hours for each labor hour rate times the labor hour rate and a total amount for each such labor rate together with a grand total for all labor rates.
- A calculation supporting costs for materials.

- A statement that all employees billed under the voucher meet the qualifications for the labor categories to which they are being billed and the location of records verifying that these facts.
- A comparison matching the hourly rates for each category on the voucher with the rates specified in the contract for the period being invoiced.
- A statement that the material costs included in the voucher are adequately supported by invoices and/or payment and the location of records verifying that statement.

You may be required to provide additional information after your voucher or invoice is received. You should review the Homeland Security Acquisition Manual 3032.70 and its Appendix S to understand the types of analysis that may be applied to your vouchers. Failure to provide necessary supporting information may result in your voucher/commercial invoice being determined not to be a proper invoice and returned to you without payment. Approval of the final payment will likely involve more detailed Government review of your records.

You are encouraged to develop streamlined means of providing this information through proposing advance agreements for review and approval of your vouchers/invoices. If you have been approved for direct billing by the Defense Contract Management Agency, you may qualify for submission of a reduced set of data for most vouchers.

For questions, please contact *(insert name and contact information)*.

Sincerely,

[Contracting Officer]

**VOUCHER/COMMERCIAL INVOICE REVIEW AND APPROVAL CHECKLIST
TIME AND MATERIAL/LABOR HOUR CONTRACT OR ORDER**

The following is a checklist that should be used to verify that payments are appropriate under a voucher/commercial invoice submitted for interim payment under a T&M/LH contract or order. If all elements are marked “Yes,” payment should be approved. If any are marked “No,” consultation with the contracting officer should occur to determine appropriate action.

The payment clause in a T&M/LH type contract requires a contractor to substantiate vouchers with information determined necessary by the contracting officer to support payment amounts requested based on labor hours expended or material costs incurred. Prior to approving a voucher or recommending it for approval, the amount requested for payment should be evaluated to determine if it is properly supported and if it is the proper amount required to be paid under the contract.

As long as the contractor is using its approved accounting system to generate the voucher, not every labor hour or material cost billed by a voucher needs to be evaluated and confirmed for every voucher. However, individual elements supporting the amount requested for payment under various vouchers should be checked occasionally. If an error or problem is detected that indicates the requested amount is not proper, the requested amount should be adjusted accordingly and prior vouchers should be examined to determine if that same issue is present. If this reexamination of previously approved vouchers shows they have the same issue, the payment amounts for those previously paid vouchers should be recalculated based on the new information. If the contractor was overpaid for those vouchers, the next payment should be offset and reduced by that overpayment amount.

Each of the elements in the checklist below is required to be approved for each voucher. Depending on the type of service provided, and the makeup of the contractor's workforce, some or all of the following elements should be reviewed or verified in order to approve a voucher for payment. The contracting officer may also negotiate an agreement with a contractor who has a billing system that meets special qualifications, such as direct billing authority granted by Defense Contract Management Agency. Such an advance agreement would permit the COR to check "Yes" in some of the blocks below solely on the basis of the agreement. However, random or other sampling checks of information may still be performed or required occasionally, based on the authority granted in the contract.

The checklist below should be used in accordance with HSAM 3032-7002(d) to verify the adequacy of vouchers (or commercial invoices submitted for payment under time-and-material/labor-hour contracts containing FAR 52.212-4 Alternate I) for time-and-materials (T&M) or labor-hour (LH) contracts.

VOUCHER/COMMERCIAL INVOICE REVIEW AND APPROVAL CHECKLIST

TIME AND MATERIAL/LABOR HOUR CONTRACT OR ORDER

YES	NO	SUPPORT ELEMENTS FOR \$ AMOUNT REQUESTED
		The contractor provided the voucher support information required by the contracting officer. <i>If not, return the voucher without payment as not a proper invoice.</i>
		Each employee billed under the voucher meets the qualifications for the labor categories being billed? <i>Stable workforce, homogeneous workforce-review supporting info less often. Roving/rotating workforce-review supporting info more often (perhaps each time).</i>
		Overtime rates not applied unless approved in advance by contracting officer or specifically included as overtime rates in the contract.
		Hourly rates for each labor category on the voucher match the rates specified in the contract for the period being invoiced?
		The number of hours for each labor hour rate times the labor hour rate equal the grand total amount for labor hours billed?
		Material Costs – Non-commercial item contract (FAR clause 52.232-7). The material costs are adequately supported by invoices and/or payment records? <input type="checkbox"/> Contractor paid for material or services (or within 30 days?) <input type="checkbox"/> Correct indirect cost rate applied? <input type="checkbox"/> No fee/profit included? <input type="checkbox"/> Labor Hour contract? \$0 allowable for material, ODC, etc.
		Material Costs – Commercial item contract (FAR clause 52.212-4, Alt I) The material costs are adequately supported by invoices and/or payment records? <input type="checkbox"/> Contractor paid for material or services (or within 30 days?) <input type="checkbox"/> Indirect cost - Prorated from fixed amount identified in contract? If none in contract, then \$0 allowable. <input type="checkbox"/> No fee/profit included? <input type="checkbox"/> Other Direct Costs - Match authorized list in contract? If none listed, then \$0 allowable. <input type="checkbox"/> Labor-Hour contract? \$0 allowable for material, ODC, etc.
		The payment will not exceed the ceiling price cited in the contract or order.
		The correct quantity of items or services performed (e.g., actual # of hours performed under a labor-hour type contract)
		A correct extended amount (quantity * unit price = extended amount)
		Terms of any discount for prompt payment offered
		ADMINISTRATIVE ELEMENTS
		The correct name and address of the contractor
		The invoice date and invoice number
		A period of performance (e.g., the billing period) clearly identified, accurate and which is covered by the contract/order cited on the invoice
		The correct contract and/or order number
		Contract Line Item Numbers (CLINS) that match those contained in the contract/order
		The correct description of supplies or services that match the description of the supplies or services in the contract/order
		Name and address of official to whom payment is to be sent
		Other details or data required by the contract/order
		Attachments or supplemental pages required by the contract/order
		No other payment for the billing period have been previously received or processed
		If this is a final payment for a supply or service after acceptance by DHS, the COR or other designated Government official has prepared an Inspection and Acceptance Report, such as a DHS Form 700-21, Material Inspection and Receiving Report.

		<ul style="list-style-type: none"><input type="checkbox"/> The Inspection and Acceptance Report indicates that all invoiced items/services have been accepted by the Government<input type="checkbox"/> The Inspection and Acceptance Report indicates that all or some invoiced items/services have been rejected by the Government
--	--	---