

---

**DSS Policy Bulletin #2021-004**  
**Date: June 23, 2021**

**DISTRIBUTION: ALL STAFF**

---

## **ENHANCED INVOICE REVIEW PROCEDURE**

### **Subtopic(s):**

#### **■ INTRODUCTION**

The Mayor's Office of Contracts (MOCS) recently issued a new Standard Health and Human Services Invoice Review Policy (SIRP), effective 1/1/2021. This new Citywide policy establishes a standard approach for reviewing and approving invoices submitted for payment by vendors providing services under City contract. The new standard limits the scope of review permitted prior to approving payment, including the documents which a vendor is required to submit with the monthly invoice. The policy also limits the number of line items to be sampled after payment.

SIRP supersedes all previously issued invoice review policies and procedures, except in the following ways:

- It does not apply to milestone or performance-based payments;
- It does not apply where the scope of pre or post payment review is mandated by contract language, regulation or funder guidance;
- It allows agencies to specify additional documentation to be submitted by vendors as part of the annual budget review; and
- It allows agencies to collect additional documentation needed to support client assistance.

To fully implement the new policy, programs across HRA and DHS have identified:

- Additional milestone/performance payments which are carved out of SIRP;
- Additional documents that must be submitted by vendors as a result of contract language, regulations and funder guidance;
- Items to be submitted as part of the annual budget process; and client assistance documentation required.

This information will be incorporated in the HRA and DHS Fiscal Manuals.

SIRP also establishes a more rigorous prepayment review, referred to as Enhanced Prepayment Review (ER), to be used when the assessment of risk warrants it. The level of review required during ER and when providers will be placed on ER falls within agency discretion.

This procedure defines and provides guidance concerning Enhanced Prepayment Review for DSS/HRA/DHS. Enhanced Pre-Payment Review is only one aspect of SIRP; implementation of all other aspects of SIRP remains the responsibility of individual program areas within each agency.

## ■ POLICY

The implementation of Enhanced Reviews in DSS/HRA/DHS is established in the Standard Health and Human Services Invoice Review Policy (SIRP). SIRP creates a uniform expedited prepayment review and standardized post payment sampling which will be followed unless circumstances warrant implementation of an Enhanced Prepayment Review.

**Note:** The SIRP speaks of the Enhanced Review occurring at the pre-payment stage of the invoice review. However, the invoices for DHS Families with Children (FwC) and Adult Families (AF) are paid on care-days in advance of invoices being submitted. Therefore, their invoices are reviewed post-payment. These contracts can still be subject to the Enhanced Review with the same triggers at the Initial Review stage as detailed in the DHS Invoice Review Procedure ([DHS-PB-2021-014](#)).

## ■ REQUIRED ACTION

The expedited pre and post payment reviews in SIRP are intended to provide an incentive to vendors to submit their invoices in a timely fashion and to ensure that invoices and back-up documentation are in order when sampling is conducted. If these conditions are not met, however, Enhanced Prepayment Review (ER) can be initiated at the discretion of the agency. To foster consistency within DSS/HRA/DHS, a uniform process has been established for all program areas to follow. The process and procedure will differ by the reason ER is being placed, as set out below.

### Triggers for Enhanced Review

Under SIRP, the following occurrences may trigger imposition of ER:

1. Multiple instances of Post-Payment corrective action required
2. Incomplete invoice submissions
3. Inability to provide requested documentation
4. Chronically late invoice and/or documentation submissions
5. Currently effective Corrective Action Plan or Capacity Building Agreement
6. Prior year Audit findings indicative of poor internal controls (e.g. unsupported/unallowable/unreasonable expenses claimed)

## DEFINITIONS

### *Chronic lateness*

Lateness for ER purposes is applicable to incidents of late submission that are within the control of the vendor, i.e., if the vendor cannot submit on time for a valid reason (as determined by the Agency), ER will not be triggered.

If a vendor is late in submitting invoices for a second month in a row, the Enhanced Pre-payment Review Warning Form ([DSS-26](#)) and an opportunity to cure will be sent to the vendor by the program monitoring the contract. The DSS-26 will state that the vendor risks being placed on ER if invoices are not submitted within a specified timeframe. The time frame for submission and any other action which the vendor must take to avoid being placed on ER must be clearly stated in the notice.

If the lateness continues for a third month (or any time in the next three consecutive months) and other conditions specified in the notice are not met by the vendor, the program should consider whether ER should be triggered. If the program determines that it should be placed on ER, an Enhanced Pre-payment Review Referral ([DSS-26a](#)) is made to DSS Vendor Management Committee (VMC), by the program monitoring the contract. Sufficient detail and supporting documentation should be attached to the form.

The Committee considers whether ER should be imposed, and if so, whether it should be imposed for only the referring program or more broadly, to include other contracts within HRA/DHS. The DSS VMC informs the Deputy Commissioner (DC) who submitted the ER, whether ER was approved. If approved, ER remains in place for three months. The programs send the Notice of the decision to the vendor, using the Notification for Enhanced Pre-payment Review Plan ([DSS-26b](#)). During this time, the vendor is expected to submit complete invoices on time each month. If late submissions continue, ER will be extended for an additional three months.

**Note:** In the cases of DHS AF and FwC, the Enhanced Pre-Payment Review will be applied at the Initial Review stage, as specified in the DHS Invoice Review Procedure ([DHS-PB-2021-014](#)).

Programs monitor vendor submissions and report back to the Committee at the end of each period of ER, by updating the relevant section of the DSS-26a originally submitted. The Committee makes the decision to lift or continue ER.

### *Inability to Support Claimed Expenses*

Continual problems with submitting requested documentation during sampling of incomplete or missing documentation, and poor post payment sampling results will result in imposition of ER. SIRP allows, for example, ER to be put in place when two sets of post payment samples have significant deficiencies.

As with chronic lateness, programs wanting to impose ER on a vendor will first send a warning letter (DSS-26) providing an opportunity to cure. For example, if review of the first two sets of items in the post payment sampled identify significant deficiencies, the warning letter is sent and additional backup for two additional sets of items in the post payment sampled is requested in the letter. If problems continue in the two additional sets of items in the post payment sampled, for the same invoice month, programs will complete the DSS-26a and send it to the Committee for review, with supporting documentation.

The Committee will consider scope of ER (i.e. single contract or broader application) and assess proposed conditions for ER to end. If placed, ER remains for at least 3 months to begin. During the three months, the vendor is expected to submit invoices with appropriate documentation, with significant reductions in errors.

At the end of the first three months, program reports progress to the Committee by updating the original referral made to the Committee using the DSS-26a. If insufficient improvement is shown, ER is extended for another three months, and additional corrective action is considered by the Committee. This could include execution of a formal Corrective Action Plan (CAP) executed by the ACCO.

#### Corrective Action Plan (CAPS) or Capacity Building Agreements

Governance and Fiscal CAPs implemented by the ACCO result in a vendor being placed on ER on an agency-wide basis, i.e. for all HRA and DHS contracts. ER remains in place until the CAP is resolved.

Prior to implementation of this CAP, all vendors currently subject to a CAP will be identified and sent a Notification for Enhanced Pre-payment Review Plan (DSS-26b) of their placement on ER by ACCO. Moving forward, any new CAPS will include language imposing ER, agency wide, until the CAP is resolved. If during this period programs wish to lift ER, a referral should be made to the Committee using the DSS-26a.

Please note that programmatic CAPs will not trigger ER unless the CAP includes instances that relate to the other causes of ER. If Programs wish to trigger ER because of issues with the programmatic CAP, the DSS-26a should be completed and submitted.

Capacity Building Agreements are agreements with a vendor new to the DHS or HRA systems implemented by the ACCO where, in the ACCO's opinion, additional programmatic and/or fiscal capacity is needed to move forward with new and future awards of contracts. Identified vendors will be notified for Enhanced Pre-payment Review Plan in the same manner as vendors on CAPS.

#### Audit Findings Indicative of Poor Internal Controls

Audit findings stemming from unsupported/unallowable/unreasonable expenses being

claimed will result in the imposition of a formally executed CAP if deemed necessary following consultation with the Committee. This applies to findings from audits conducted internally, by CPA firms and by external oversight agencies.

Referrals as the result of poor audit findings may be referred to the Committee by DSS Audit or the program area. If a CAP is executed as a result of this referral, ER will be dealt with as above under CAPS. Specific routing language is needed-i.e. "To be added as agenda item to Vendor Management Committee by the referring committee member".

### External Flags

If vendors are flagged by external oversights and other agencies and imposition of ER appears warranted, this should be referred, by the appropriate party, to the Committee for consideration.

### **Vendor Management Standing Committee**

The Committee consists of representatives of DSS-AO, ACCO, Legal, Finance, DHS and HRA and meets biweekly. Decisions concerning imposition and lifting of ER status will be tracked by DSS-AO's Contract Monitoring Office (CMO) and reported at regular intervals to agency leadership.

All submissions/referrals to the Committee should be made to the Contract Monitoring Office (CMO) of DSS-AO. Staff will send the DSS-26a to the following mailbox address: [enhancedrevwrefrls@dss.nyc.gov](mailto:enhancedrevwrefrls@dss.nyc.gov). All submissions/referrals are made using the DSS-26a and should be submitted with sufficient detail for the Committee members to evaluate the circumstances and make a decision. The form will be updated after each quarter by programs and will also be used to track Committee decisions.

### **All referrals to the Committee must be signed off on by the requestor's Deputy Commissioner or his/her designee.**

### **Level of ER Review**

When a vendor is placed on ER, the vendor will be expected to submit the following with the monthly invoice:

- Payroll register/Personnel Services (PS) template;
- Equipment template; and
- Documentation to support a sampling of budget lines which represents **at least**:
  - 20% of total monthly PS expenditure billed as a direct expense, unless 10 or fewer staff are claimed. In this case, back-up for all 10 will be reviewed, and
  - 15% of remaining Other Than Personnel Services (OTPS) monthly expenditure.

When the DSS-26b is sent to the vendor for the initial 3-month period, the DSS-26b includes a list of documents to submit for the first month of ER sampling. The Enhanced Pre-payment Review Sampling ([DSS-26c](#)) is sent the following months of ER (month 2 and all following months as long as ER remains in place) to specify the documents the vendor should submit with the monthly invoice, to support the PS and OTPS lines being sampled during ER. The DSS-26c must be sent to the vendor as soon as possible after the conclusion of the month, but no later than **15 days** before sampled documents must be uploaded by the vendor in Accelerator.

### Duration

Except in the case of a Fiscal or Governance CAP (see above CAPS section) vendors will be placed on an initial period of ER for 3 months. Status will be re-assessed by the Committee for improvement. If insufficient improvement is made, this initial period will be extended for another 3 months.

At least 14 days before the end of the 3-month period, the initiating program will:

- complete the DSS-26a;
- obtain internal program approval; and
- submit the DSS-26a with a recommendation to continue or end ER to the Contract Monitoring Group within the DSS Office of Program Accountability, at the following email address: [enhancedrevwrefrls@dss.nyc.gov](mailto:enhancedrevwrefrls@dss.nyc.gov). If continuing, ER will be extended for another 3 months.

The Committee will review the recommendation, request additional information if needed, and accept or deny the recommendation. Using the same form, this information will be sent back to the Agency Program representative on the Committee. The original form used to make the referral will be updated at each stage of the process, until ER is lifted. This is to facilitate tracking of each vendor contract.

Notice ending or extending ER will be sent to the vendor by the program area, using the Enhanced Pre-payment Review Ending or Extended ([DSS-26d](#)) form.

### Document Collection and Recordkeeping

Notices sent to vendors and related email correspondence must be stored, and appropriate comments added to the system of record (currently Accelerator).

All back-up documentation submitted to support the ER sampling will be uploaded and reviews returned as normal in the system of record.

Timeframes

During the ER vendors and program staff will be expected to adhere to the time frames established in SIRP for the submission, review, and approval of sampled claims. Implementation of ER does not alter these in any way.

**REFERENCE:** Standard Health and Human Services Invoice Review Policy (SIRP), dated 1/1/2021

**APPENDIX A:** Form Instructions

**APPENDIX A**  
**Form Instructions**

**Enhanced Pre-payment Review Warning Form ([DSS-26](#))**

Used to warn the provider when one of the triggering events is noticed, e.g., when post payment 2 sampling showed significant deficiencies, or other triggers such as chronic lateness.

**Enhanced Pre-payment Review Referral ([DSS-26a](#))**

Used for the initial referral and then updated by program and Committee at each review. It is used to:

- Track program sign off;
- Vendor Mgmt. Committee decisions;
- Report back to Committee at end of 3-month period; and
- Committee's decision sent back to program.

**Notification for Enhanced Pre-payment Review Plan ([DSS-26b](#))**

Use to notify vendors of their placement on ER and includes the list of documents to be submitted with the invoice in the first month of ER.

**Enhanced Pre-payment Review Sampling ([DSS-26c](#))**

Used to tell vendors what sample documentation to submit in all subsequent months of ER. Must be sent at least 15 days before the invoice is due.

**Enhanced Pre-payment Review Ending or Extending ([DSS-26d](#))**

Used to tell vendors that ER is continuing or ending.

**Status of Enhanced Review ([DSS-26e](#))**

Used to tell vendors that based on the ER that they are out of compliance and the reason why.