

# Invoice Monitoring for Cost Reimbursement Contracts

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## About the Application:

Delaware Department of Health and Social Services - Division of Substance Abuse & Mental Health (DHSS DSAMH) has implemented a document management and workflow solution in DocuWare to gain better control of processes for submitting, approving, and storing invoices. DocuWare automation replaces the previous manual solution where invoices were tracked in multiple spreadsheets from ingestion through approval.

DocuWare for Invoice Processing provides a seamless solution for invoice management by digitizing paper invoices, capturing other electronic invoices, and subsequently triggering approval workflows based on business rules to ensure accurate and rapid processing and payments.

The solution delivers many productivity benefits to the DSAMH, including the following:

- Capture, sort and archive invoices from any device or any format (scanned paper, email, mobile captures and more) in an easily searchable file structure.
- Extract details from all invoice cover sheets, supporting routing within DocuWare.
- Approve workflows to accelerate the process based on your business rules.
- Record notes directly on the invoice image with annotation functionality.
- Maintain compliance and a complete audit trail with transparent approval history, automatic document filing and encryption.
- Maintain a secure, organized, and searchable invoice archive for audits and budget planning.

## Beginning with FY24 invoices:

Starting with July 2023 invoices, Cost Reimbursement (CR) invoices will be processed for payment using the DocuWare system. These invoices require no supporting documentation so providers will only submit the invoice cover sheet and invoice spreadsheet. **Supporting documentation will be required during on-site monitoring.**

Invoice Cover Sheets and Invoice Spreadsheets **MUST** be named using the invoice number:

Invoice Number = 'Contract Year\_Provider name\_service type\_location\_payment methodology\_mm\_yyyy'

- InvoiceNumber\_CL (doc or pdf) = FY24\_RI\_CAPAC\_NCC\_CR\_04\_2024
- InvoiceNumber\_INV (xls) = FY24\_RI\_CAPAC\_NCC\_CR\_04\_2024

To ensure proper invoicing and payments, the CR invoice monitoring process has been created. Supporting documentation will be required during the CR invoice monitoring process.

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## Terms and Definitions:

**Submission:** Submitting an invoice is the act of the provider of submitting their invoice via email.

**Ingestion:** Once received, ingesting an invoice is the act by the invoice administrator that enters the invoice into DocuWare to start to process the invoice, extract information for indexing, and load them into the workflow.

When providers **submit** an invoice, the invoice is verified by OSEC Administration staff for completeness and accuracy where it is then **ingested** into the processing workflow. Once ingested, providers will receive a confirmation email and approval processes will begin. It is at the point of ingestion that the 30 day payment window begins.

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## Policies:

**Delaware State Code** is a systemic selection of statutes/laws arranged by subject (titles). When a law is codified it is combined with all the other laws on the same subjects and previous current laws and any amendments to the law. The State Code governs all that we do and the following sections contain specific information related to policies and procedures for this project. <https://delcode.delaware.gov/>

**Policy Memorandums** are the Department of Health and Social Service (DHSS) clarifications to and links between specific state and federal codes. For this training, the PM of note is the PM37: <https://www.dhss.delaware.gov/dhss/admin/policy/files/pm37.pdf>

**DSAMH Provider Policies** can be found on the DHSS website at: <https://dhss.delaware.gov/dsamh/policies/ProviderPolicies.html>

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## What to Expect

There are several levels of review and monitoring that will occur to ensure proper invoicing, payments, and contract compliance:

- (1) **Review of Invoice Submission:** This monthly process occurs when an invoice is submitted. During this review DSAMH will:
  - Ensure the invoice cover sheet is accurate, complete, and timely.
  - Review monthly budget worksheet prior to approving invoice for payment for:
    - Monthly expenses don't exceed budgeted amounts for each line item
    - There is adequate purchase order balance(s) remaining in the purchase order(s) for the provider to continue providing services.
  
- (2) **Cost Reimbursement Invoice Monitoring:** This process is done quarterly to review supporting documentation and receipts to ensure invoicing has been accurate. **Exception:** When a contract includes federal grant funding, the monitoring review must be held within 90 days of the close of the federal grant. This process replaces the need to include supporting documentation and receipts with every invoice submission. This review will occur remotely unless an invoice visit is deemed to be necessary. The invoices used for monitoring activities will be based on the submission date that the invoices are submitted, regardless of the service period.

**During the CR Invoice Monitoring process, OSEC** will randomly select contracts and invoices review. For example:

- Using random.org, OSEC will randomly select 18-20 (one quarter) contracts to review. Each contract will be reviewed at least once per year.
- For each contract, using random.org, OSEC will randomly select submitted invoices based on the paid date for the applicable quarter prior to their onsite visit.
- For example:
  - In May, DSAMH will randomly select submitted invoices from the previous October, November, December.
  - In July, DSAMH will randomly select submitted invoices from the previous January, February, March.
  - In November, DSAMH will randomly select submitted invoices from the previous April, May, June.
  - In February, DSAMH will randomly select submitted invoices from the previous July, August, September.

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- The OSEC Fiscal Team will inform providers of their CR Invoice Monitoring date approximately 30 business days in advance of the monitoring session and provide a list of contracts to be reviewed.
- Providers will collect/ assemble required documentation and ensure they are readily available for the OSEC Fiscal Team by the monitoring session date.
- Required documentation will include, but not be limited to: Invoices, Backup documentation, Receipts for line item budgeted expenses, Monthly personnel expenses to ensure cost-allocation is correct and appropriately invoiced to DHSS.
- The OSEC Fiscal Team members will review/confirm the following is accurate and appropriate: Invoice date, Invoice amount, Contract #, Receipts are collected and accounted for.

**(3) Contract monitoring:** This annual process ensures contract compliance.

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## The CR Invoice Monitoring Process

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**Preparation:** Currently DSAMH has roughly 75 unique cost reimbursement contracts. Each quarter the team will pull all contracts and select a random sample of 18-20 contracts. A spreadsheet will be used to track contracts reviewed to ensure every contract is reviewed at least once a year.

### **Thirty (30) Days before Monitoring Session:**

- OSEC Fiscal Team members are assigned individual providers they are responsible for in terms of processing invoices, and they will also be responsible for the CR invoice monitoring for these providers.
- OSEC Fiscal Team will pull a random sample of contracts.
- OSEC Fiscal Team will inform providers of their CR Invoice Monitoring date via email (template attached).

### **Five (5) Days before Monitoring Session:**

- OSEC Fiscal Team will select a random sample of 20%, a minimum of 2 invoices, per contract for the applicable quarter. Invoices will be selected using random.org. OSEC Fiscal Team will enter all invoice numbers into the randomizer and take at least one invoice for each month.
- OSEC Fiscal Team will send an email to remind providers of their upcoming monitoring session. Included in the email (template attached) will be a list of invoice documentation to the provider as well as instructions for submission of the materials.
- Providers will assemble required documentation and ensure they are sent to the OSEC Fiscal Team by the monitoring session date. Required documentation will include, but not be limited to:
  - Invoices
  - Backup documentation
  - Receipts for line-item budgeted expenses
  - Monthly personnel expenses to ensure cost-allocation is correct and appropriately invoiced to DHSS.
  - During the review, the OSEC Fiscal Team will review/confirm the following is accurate and appropriate:
    - Invoice date
    - Invoice amount
    - Contract #
    - Receipts are collected and accounted for

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## Preparing for your visit

Providers will get an email five (5) business days prior to the monitoring that includes:

- Date of review/deadline for submission
- The list of invoices to be reviewed (determined from random sample)
- What needs to be sent and how to share the documentation

Following the review, providers will receive an email to (provider point of contact/distribution list from DocuWare and signer of the contract) with feedback that includes:

- Date of review
- Summary review
- Findings

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## Outcomes

There are several possible outcomes from the monitoring process:

### Administrative errors vs Operational errors:

Administrative errors are **minor** discrepancies.

- Examples include incorrect forms, missing information on invoice documentation, miscalculations.
- Possible responses to Administrative Errors may include re-education, additional supportive assistance with the invoice submission process, and/or re-sending a corrected copy of invoice to the fiscal review team.
- If there are repeat administrative errors, the provider will be asked to submit a corrective action plan within 30 days of the notice of findings.

Operational errors are **major** discrepancies.

- Examples include missing receipts, including unallowable expenses, billing for staff inappropriately.
- In addition to re-education and additional supportive assistance with the invoice submission process, the possible response to operational errors would be for providers to send a corrected copy of the invoice along with corrective action plan within 30 days of the notice of findings

When submitting a corrected invoice following the monitoring process, both the invoice cover letter and invoice spreadsheet must be included, and the filenames must indicate that the invoice has been **adjusted**:

- Invoice Number = 'Contract Year\_Provider name\_service type\_location\_payment methodology\_month\_year\_ADJUSTED'
- InvoiceNumber\_CL (doc or pdf) = FY24\_RI\_CAPAC\_NCC\_CR\_042023\_ADJUSTED
- InvoiceNumber\_INV (xls) = FY24\_RI\_CAPAC\_NCC\_CR\_042023\_ADJUSTED

If an overpayment is found, the provider will be required to repay the funds via check. If an underpayment is found, the provider will resubmit an adjusted invoice and DSAMH will pay the provider.

### Potential Corrective Actions:

- Providers may be required to submit all supporting documentation with all invoices
- Additional monitoring sessions may be scheduled to support the provider in submitting correct and complete invoices

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## Templates

### Thirty (30) Day Notice Template

Dear <Primary Contract Contract>,

Beginning with July 2023 invoices, Cost Reimbursement (CR) invoices are being processed using DocuWare. To help ease the burden on the monthly invoice process, DSAMH is no longer requiring submission of supporting documentation with each invoice. Instead, to ensure proper invoicing and payments, the CR Invoice Monitoring Process has been created. CR Invoice Monitoring is done to review supporting documentation and receipts for invoices paid within the first quarter of the previous 6-month period, regardless of the service period, to ensure invoicing has been accurate. Unless necessary to occur in person, the CR Invoice Monitoring process will occur remotely.

For the next review in <mm yyyy>, OSEC will select a random sample of 20%, a minimum of 2 invoices, per contract from <months of yyyy>.

This email is to inform you that <# of contracts> <Provider> contracts have been randomly selected to participate in <month>. These contracts are;

Contract #
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Contract #
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This review will take place on <date>.

Five (5) business days prior to the monitoring session, you will receive an email that includes:

- Date of review and the deadline for submission of supporting documentation.
- The list of invoices that will be reviewed.
- Instructions on what materials to submit and how to submit them.

Once you receive the list of invoices for review, you will assemble the required documentation and ensure they are readily available for the OSEC Admin Team by the monitoring session date.

Required documentation may include, but not be limited to: Invoices, Backup documentation, Receipts for line-item budgeted expenses, Monthly personnel expenses to ensure cost-allocation is correct and appropriately invoiced to DHSS.

OSEC Admin will review and confirm the following is accurate and appropriate: Submission dates, Invoice date, Invoice Amount, Contract Number, and verify receipts are collected and accounted for.

Following the review, you will receive a notice of the outcome of the monitoring session through your DocuWare group distribution list. This notice will include the date of review, summary of invoices reviewed, findings (if any), and/or corrective action required.

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Failure to comply with this review may result in a Corrective Action Plan. Possible corrective actions may result in the following:

- Submission of all supporting documentation with all invoices will be required
- Additional monitoring sessions may be scheduled

## Five (5) Day Notice Template (reply all to original 30 day notice email)

Dear <Primary Contract Contract>,

This email is to inform you of your upcoming Cost Reimbursement Invoice Monitoring review. As stated in our previous email on <date>, <Provider> has been randomly selected to participate in this review process.

The following invoices have been randomly selected for review.

- <invoice number>
- <invoice number>
- <invoice number>
- <invoice number>

For each invoice, please submit the Invoice cover letter, invoice spreadsheet, backup documentation, receipts for line-item budgeted expenses, and accounting of monthly personnel expenses. These materials should be submitted <how?> by <date>.

Once all materials are submitted, the OSEC Admin team will review and confirm the following is accurate and appropriate: Submission dates, Invoice date, Invoice Amount, Contract Number, and verify receipts are collected and accounted for.

Failure to comply with this review may result in a Corrective Action Plan. Possible corrective actions may result in the following:

- Submission of all supporting documentation with all invoices will be required
- Additional monitoring sessions may be scheduled