

Title: Continuous Improvement Opportunity (CIO)	Page # 1 of 1	Encode: C4	Rev #: 0
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1. Subject: Authorization process for Invoice payment	2. Guideline Ref (if applicable): 16	3. Control Number: 4
4. CA#, WBS#, or Functional Area: Accounting		

5. Description:

REQUIREMENT: ANSI GL # 16 states: "Record direct costs in a manner consistent with the budgets in a formal system controlled by the general books of account."

DISCUSSION: Direct cost must be assigned to a project consistent with the pertinent budgets in order to achieve effective performance management. This is to be supported by a contractor's accounting manual/procedures identifying the methodology of handling various actual costs.

OBSERVATION/FINDING:

The FRA Oracle system has a Service Receipts application that allows for the receipt of services and intangible items into the system. "The determination of the services received and the amount to be accrued is made by Field Financial Managers or their designees. Financial personnel in each division/section/center are more aware of the activities being completed and work closely with program and project managers. Monthly, the field personnel review the projects in their area and if necessary submit a service receipt to the Accounting Department. Department management reviews and approves the receipt for processing and forwards it to the Financial Analysis Group. The Financial Analysis Group is responsible for entering the receipts into the Oracle system." It was observed that FRA has procedures and controls in place to ensure that invoices are accurate and perform review and approval prior to their submission for payment. However, results of interviews identified occasions when CAMs were not always in the receipt acknowledgment/payment approval process. A more effective management review and approval procedure would require all CAMs be included in this process for their areas of responsibility. In interviews with the NOVA FFM and CAMs it was discovered that not all receiving reports/invoices are reviewed and approved by CAMs prior to invoice payment.

RECOMMENDATION:

Recommend that the materials and services receiving/invoice authorization process be modified. The authorization process should require the CAM to submit acknowledgement of receipt of materials and services to the Accounting Department as part of the receiving/invoice approval process.

Prepared By: L. Waymire	Date: 5/15/09	Reviewed By: T. Jaeger	Date: 5/15/09	Supplier:	PMO:
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