

INDIAN AFFAIRS MANUAL

Part 27

Financial Management

Chapter 11

Accounts Payable 2 -Way and 3-Way Match

Page 1

- 1.1 Purpose.** This chapter establishes the requirements for processing Indian Affairs (IA) payments using the Financial Business Management System (FBMS).
- 1.2 Scope.** This policy applies to all programs and offices under the authority of the Assistant Secretary - Indian Affairs (AS-IA), including offices reporting to the Bureau of Indian Affairs (BIA), and the Bureau of Indian Education (BIE).
- 1.3 Policy.** It is the policy of IA to comply with Federal regulations and policies and with the direction and guidance received from the Department of the Interior (DOI) and the Office of Management and Budget (OMB) regarding the processing of payments to ensure adequate internal controls and reviews are established and implemented.

The FBMS system requires a 3-way match for referencing payments resulting from Purchase Requests (PRs) entered into FBMS. Upon approval, PRs interface with PRISM to complete the award process. The Obligation, Goods Receipt (GR)/Service Entry Sheet (SES) and the Invoice are considered to be a valid 3-way match and *all are required* before the payment is processed. *All* property and Information Technology purchases require a 3-way match.

The FBMS system uses a 2-way match for payments when referencing a Miscellaneous Obligation and for Converted Contracts. Any procurement over the micro purchase threshold (\$2500 for services, \$3500 for supplies and \$2000 for construction) must be obligated using a PRISM (Contract Award) or the Miscellaneous Obligation document. The exceptions to this rule are training, torts, utilities, fire payments, or a non-referencing payment. Procurements under the micro purchase threshold should use the Charge Card or the direct line of accounting to make payment in lieu of processing as a Miscellaneous Obligation.

1.4 Authority.

A. Statutes and Regulations.

- 1) 48 CFR Parts 1002, 1032, and 1052 Final Rule Implementation of Internet Payment Platform (IPP)
- 2) 5 CFR 1315, Prompt Payments
- 3) 31 U.S.C. 1501 (a)(8), Documentary Evidence Requirement for Government Obligations

INDIAN AFFAIRS MANUAL

Part 27
Chapter 11

Financial Management
Accounts Payable 2 -Way and 3-Way Match

Page 2

B. Guidance.

- 1) DOI – Acquisition, Assistance, and Asset Policy (AAP)-0028 – Invoicing Processing Platform (IPP) – Treasury Electronic Invoicing System (June 29, 2015)
- 2) DOI-AAAP-0036, Providing Accelerated Payment to Small Business Contractors and Small Business Subcontractors (September 11, 2015)
- 3) DOI-Financial Management Memorandum (FMM) 2011-005, FBMS Segregation of Duties (SOD) Policy (January 6, 2011)
(<https://www.doi.gov/sites/doi.gov/files/migrated/pfm/fmm/upload/FMM-2011-005-FBMS-SoD-Policy.pdf>).
- 4) Government Accountability Office (GAO), Policy and Procedures Manual for Guidance to Federal Agencies, Title 7, 6.2(C)(5)
- 5) Memorandum – FBMS Procedures for Utility Invoices (October 31, 2012)

1.5 Responsibilities.

- A. **Deputy Assistant Secretary – Indian Affairs (Management) (DASM)** is responsible for establishing and implementing policy and general oversight related to administrative and financial management functions within IA.
- B. **Office of Chief Financial Officer (OCFO)** is responsible for establishing and implementing payment policy and providing general oversight for all payment activities and is the Head of Contracting Activities (HCA) for IA.
- C. **Contracting Officer Representative (COR)** is responsible for reviewing and approving invoices within seven (7) days of receipt, per Prompt Payment regulations and providing reason for rejected invoices to the Designated Payment Office.
- D. **FBMS Acquisition Contracting Officer Representative Role (FBMS ACQ COR)** is the role provided to the individual responsible for entering the goods receipt (GR) or service entry sheet (SES) in FBMS.
- E. **Accounts Payable Certifying Officer (AP CO)** is the role provided to the individuals responsible for reviewing IA invoices to ensure controls are adequate for payment processing; conducting audits by statistical sampling invoices that range from \$1.00 - \$2,500.00 and auditing every invoice ranging from \$2,500.01 and more; and certifying payments.

INDIAN AFFAIRS MANUAL

Part 27

Financial Management

Chapter 11

Accounts Payable 2 -Way and 3-Way Match

Page 3

- F. **Accounts Payable Tech (AP T)** is the role provided to the individual responsible for reviewing invoices and posting payments into FBMS or forwarding rejected invoices to vendors.
- G. **Designated Payment Office** is responsible for forwarding invoices to the program office for approval and posting payments in FBMS.
- H. **Program Office** is responsible for approving or rejecting invoices for payment.

1.6 Definitions.

- A. **3-way Match** is a method for verifying that the obligation, GR/SES and invoice match prior to processing payment and is required for referencing PRISM payments.
- B. **2-way Match** requires a match between the Purchase Order and Invoice only; it does not require a GR/SES. The 2-way match is required for payments referencing a Miscellaneous Obligation and/or Converted Contracts.
- C. **PRISM** is a grants and contracts management system which interfaces with FBMS used by the Division of Acquisitions Management to process contracts and grant awards.
- D. **Non-Referencing Invoices** are invoices that only reference an FBMS line of accounting and do not reference a Miscellaneous Obligation or PRISM contract line.
- E. **Invoice Package** includes an approved invoice and the documentation necessary to support the claim. Some packages may include a receiving report (BIA Form 4311).
- F. **Purchase Requests (PRs)** are entered into FBMS by the program office to initiate the contract process. Upon approval, the PR interfaces to PRISM for the award process.
- G. **Invoice Payment Platform (IPP)** (www.IPP.gov) is a U.S. Treasury system used for electronic invoices. Vendors submit invoices via the IPP (through the internet) for all PRISM awards as designated in the purchase order.
- H. **Converted Contracts** are contracts that had open lines within the prior acquisitions system and were updated to PRISM on or before September 30, 2012.
- I. **Converted Contracts** are open lines within the previous contract system that were updated and transferred to PRISM which will require a 2-way match unless the goods are considered property, then a 3-way match is required.

INDIAN AFFAIRS MANUAL

Part 27

Financial Management

Chapter 11

Accounts Payable 2 -Way and 3-Way Match

Page 4

1.7 3-Way Match Procedures.

- A. The vendor submits an invoice through the IPP system. The IPP interface uploads invoices into FBMS and routes to the assigned COR for action.
- B. The COR must approve or reject the invoice in FBMS within seven (7) days per the Prompt Payment regulations. The IPP invoices originate from a contract in PRISM, thus the 3-way match for referencing payments is required.
 - 1) If the invoice is **approved** by the COR: the GR/SES must be created in FBMS. (e.g. Purchase Order + Invoice + GR/SES = 3-way Match)
 - 2) If the invoice is **rejected** by the COR: a reason for the rejection is sent to the AP_T to forward to the vendor. The AP_T then rejects the invoice in FBMS and requests the vendor to submit a corrected invoice back through the IPP. The work flow process begins again. The invoice will be processed for payment *only* when a valid 3-way match occurs between the Purchase Order, Invoice and GR/SES documents. The COR may work with the vendor to reconcile and/or correct the invoice.

1.8 2-Way Match Procedures.

- A. The vendor submits an invoice to the designated payment office. The designated payment office scans and emails the invoice to the assigned COR for review. The COR accepts or rejects the invoice within seven (7) days of receipt.
 - 1) If the invoice is **approved** by the COR: the invoice is sent to the AP_T for payment processing.
 - a. If the invoice is from a converted contract and has new lines (contract lines added after the conversion to PRISM), the invoice will be emailed to the COR for approval or rejection within 7 days. The GR/SES must be completed by the FBMS COR.
 - b. If the invoice is from a converted contract only, there is no requirement to complete the GR/SES or the receiving report.
 - 2) If the invoice is **rejected**, the COR will email the invoice back to the AP_T with a valid reason for rejection. The AP_T will then forward the rejection to the vendor. The COR may work with the vendor to correct the invoice.

INDIAN AFFAIRS MANUAL

Part 27

Financial Management

Chapter 11

Accounts Payable 2 -Way and 3-Way Match

Page 5

- 1.9 Non Referencing Invoices** that cite the FBMS line of accounting. Invoices are submitted to the designated payment office. The AP_T reviews the invoice for accuracy and forwards the invoice to the program office for review and approval. The program office either approves or rejects the invoice for payment. Rejected invoices are returned to the vendor for correction. Approved invoices are processed for payment.

Approval


James N. Burckman

Acting Deputy Assistant Secretary – Indian Affairs (Management)

1/30/17
Date