

INDIAN AFFAIRS MANUAL

Part 27

Financial Management

Chapter 3

Invoice and Payment Processing under the Prompt Pay Act

Page 1

- 1.1 Purpose.** This chapter establishes the process and responsibilities for processing Indian Affairs (IA) invoices and payments in compliance with the Prompt Pay Act using the Department of the Interior (DOI) Financial and Business Management System (FBMS).
- 1.2 Scope.** This policy applies to all offices and bureaus under the authority of the Assistant Secretary – Indian Affairs (AS-IA)¹, including 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 the Prompt Payment Act, and applicable federal regulations and guidance. Additionally, IA complies with DOI policies on establishing and maintaining effective and efficient internal controls while validating invoices and processing timely payments in accordance with the terms and conditions of the contract and the Prompt Payment Act requirements. This includes determining the invoice receipt date, approving invoices, receiving and accepting the goods or services, and disbursing payments within their prescribed timelines.
- 1.4 Authority.**

A. Statutes and Regulations.

- 1) P.L. 97-177, Prompt Payment Act of 1982, as amended
- 2) 5 CFR Part 1315, Prompt Payment
- 3) 48 CFR Part 32, Subpart 32.9, Prompt Payment
- 4) 31 U.S.C. Chapter 39, Prompt Payment

B. Guidance.

- 1) Office of Management and Budget (OMB) Circular A-123, Management's Responsibilities for Internal Control
- 2) Government Accountability Office (GAO), Principles of Federal Appropriations Law (Red Book)
- 3) DOI, Acquisition, Assistance, and Asset Policy (AAAP)-0028 - Invoicing Processing Platform (IPP)-Treasury Electronic Invoicing System

¹ Although the Bureau of Trust Funds Administration (BTFA) falls under the scope of the AS-IA, BTFA coordinates financial management services with the Department and is therefore excluded from this policy.

INDIAN AFFAIRS MANUAL

Part 27

Financial Management

Chapter 3

Invoice and Payment Processing under the Prompt Pay Act

Page 2

C. Handbooks

- 1) DOI Financial Management Handbook, Chapter 31, FBMS Segregation of Duties Policy (<https://doimspp.sharepoint.com/sites/os-PMB-PFM-FMH>)

1.5 Responsibilities.

- A. **Deputy Assistant Secretary - Management (DAS-M)** is responsible for issuing policy and general oversight related to administrative and financial management within IA.
- B. **Bureau Directors, Office Directors, and Regional Directors** are responsible for the overall oversight of invoice reviews conducted by assigned receiving officials and program officials in accordance with this policy.
- C. **Chief Financial Officer, Indian Affairs (IA CFO)** is the principal financial management advisor to the Assistant Secretary regarding acquisition and financial management and oversight. The IA CFO is responsible for establishing and implementing invoice and payment policy and providing general oversight for all payment disbursements.
- D. **Designated Payment Office** is the IA Office of Chief Financial Officer (OCFO) and is responsible for forwarding invoices to the program office for review and approval before processing payments for approved invoices.
- E. **Director, Accounting Operations Division (AOD), OCFO** is responsible for establishing desk procedures and directing day-to-day operations of IA's invoice receipts and payment disbursements in accordance with this policy.
- F. **Accounts Payable Technician (AP Tech)** are the OCFO AOD staff responsible for receiving and processing invoices in FBMS and posting approved or rejecting disapproved invoices in FBMS.
- G. **Automated Standard Application for Payments (ASAP) Certifying Officers** are the OCFO AOD staff responsible for reviewing and certifying grant and cooperative agreement payment files in the Treasury ASAP system.
- H. **FBMS Certifying Officers** are the OCFO AOD staff responsible for reviewing and certifying payments in FBMS after the AP Tech posts invoices.
- I. **FBMS Receiving Official** are the IA bureau or office individuals responsible for reviewing invoices in FBMS within the Invoice Review Period.

INDIAN AFFAIRS MANUAL

Part 27

Financial Management

Chapter 3

Invoice and Payment Processing under the Prompt Pay Act

Page 3

- J. Contracting Officer (CO)** are the individuals responsible for obligating awards, establishing contract-specific payment requirements if applicable, and coordinating with IA bureaus and offices to identify and assign an FBMS Receiving Official to review invoices in FBMS within the Invoice Review Period.
- K. Program Office Official** are the individuals responsible for approving or rejecting invoices outside of FBMS within the Invoice Review Period.

1.6 Definitions.

- A. Automated Standard Application for Payments (ASAP)** is a U.S. Treasury system used to transfer funding to recipient organizations.
- B. Invoice Processing Platform (IPP)** is a U.S. Treasury system used for electronic invoices. Vendors submit invoices via the IPP.gov website for all contract Acquisitions PRISM awards.
- C. IPP Invoice** is an invoice that is submitted electronically by the vendor through the IPP.gov website.
- D. Non-IPP Invoice** is an invoice that is submitted either electronically or via postal mail to the Designated Payment Office.
- E. Referencing Invoice** is an invoice that references a FBMS obligation. A Referencing Invoice can be an IPP or a non-IPP invoice. The invoice and subsequent payment for an approved Referencing Invoice utilizes the FBMS account assignment from the obligation.
- F. Non-Referencing Invoice** is an invoice that does not reference a FBMS obligation. A Non-Referencing Invoice can only be a Non-IPP invoice. The invoice and subsequent payment for an approved Non-Referencing Invoice utilizes only an FBMS account assignment. Non-Referencing invoices are generally used for the payments of training, torts, utilities, and fire.
- G. Invoice Receipt Date** is the date of the receipt of proper invoice. A proper invoice is determined by the Program Office Official or FBMS Receiving Official during the three (3) to seven (7) calendar days of invoice review period. The Invoice Receipt Date is later of the date the invoice is actually received or seven (7) days after the date on which the property is actually delivered or performance of the services is actually completed.
- H. Invoice Review Period** is the number of days to review an invoice and determine its

INDIAN AFFAIRS MANUAL

Part 27

Financial Management

Chapter 3

Invoice and Payment Processing under the Prompt Pay Act

Page 4

validity after the Invoice Receipt Date. The number of days to review an invoice is seven (7) calendar days after receipt. Invoices for meat, meat food products, or fish require review within three (3) days after receipt, and invoices for perishable agricultural commodities including dairy products require review within five (5) days after receipt.

- I. Payment Due Date** is either specified in a contract, in accordance with the Accelerated Payment Methods of the Prompt Pay Act, or 30 days after the Invoice Receipt Date. Shorter periods apply to payments for meat, meat food products, fresh eggs, or fish, and perishable agricultural commodities including dairy products.
- J. Non-IPP Invoice Package** includes an approved invoice and the documentation necessary to support the claim. Invoices must be signed as received and accepted by the Program Office Official and referenced to an obligation (Referencing Invoice) or an FBMS account assignment (Non-Referencing Invoice).
- K. Receiving Reports** are either a Goods Receipt (GR) or Service Entry Sheet (SES) and are entered in FBMS. A GR is entered for supply-related contract award line items. An SES is entered for service-related contract award line items. The type of receiving report is determined by the Account Assignment Category code on the contract award line item in FBMS.
- L. Purchase Order (PO) Number/Purchasing Document** are the terms used in FBMS relating to an obligation and can be used for acquisition contracts, awards, or miscellaneous obligations. The payment terms on the PO determines the payment due date after receiving a valid invoice.
- M. 3-Way Match** is a method for verifying that the PO, receiving report (GR/SES) and invoice match prior to processing a payment.
- N. 2-Way Match** requires a match between the obligation and invoice only; it does not require a receiving report (GR/SES). A 2-way match is used for all Non-IPP Invoices.
- O. Account Assignment** is the term used in FBMS to denote a valid line of accounting. It includes a Funds Center, Functional Area, Fund, and Work Breakdown Structure code as appropriate.

1.7 Standards, Requirements, and Procedures.

A. IPP Invoices.

INDIAN AFFAIRS MANUAL

Part 27

Financial Management

Chapter 3

Invoice and Payment Processing under the Prompt Pay Act

Page 5

- 1) After an IA CO obligates an award, FBMS transmits IA award information to the IPP.
- 2) Invoice Receipt - Once goods are delivered or services rendered, the vendor submits an invoice in IPP which is automatically interfaced into FBMS. Automated workflow rules in FBMS route the invoice to the assigned FBMS Receiving Official for review. The receipt date for IPP invoices is the date the vendor enters and submits the invoice into IPP, and is transmitted to FBMS.
- 3) Invoice Review - The FBMS Receiving Official must determine the validity of the invoice based on the goods or services delivered according to the records in FBMS.
 - a) If the IPP invoice is **valid**, the FBMS Receiving Official must post a receiving report and complete workflow steps to notify the AP Tech that the invoice is ready for posting. The AP Tech will post the invoice.
 - b) If the IPP invoice is **invalid**, the FBMS Receiving Official must complete the workflow steps by providing a valid rejection reason to the AP Tech. The AP Tech will review the rejection reason and reject the invoice in FBMS if deemed appropriate. The FBMS rejection is sent to the vendor in IPP for correction and resubmission. The FBMS Receiving Official should work with the vendor to reconcile or correct the invoice.
- 4) Payment Disbursements
 - a) A 3-Way Match is required for all IPP invoices. The 3-Way Match is based on the obligation recorded by the PO in FBMS, the receiving report entered by the FBMS Receiving Official, and the invoice received from IPP.
 - b) The AP Tech matches IPP invoices with receiving documents and 3-Way Match occurs automatically before the invoices are posted in FBMS.
 - c) After the AP Tech posts an invoice in FBMS, a payment request is generated and parked on the payment certification approval table. The FBMS Certifying Officer certifies the payments in FBMS.
 - d) The Department transmits all certified FBMS payments to the Department of the Treasury for payment disbursement. Vendors normally receive payments within three (3) to five (5) business days via electronic funds transfer.

B. Non-IPP Invoices – Reference a Miscellaneous Obligation (MO).

INDIAN AFFAIRS MANUAL

Part 27

Financial Management

Chapter 3

Invoice and Payment Processing under the Prompt Pay Act

Page 6

- 1) After a miscellaneous award is approved by an obligation official, OCFO AOD creates and records an MO in FBMS.
- 2) Invoice Receipt – Once goods are delivered or services rendered, the vendor submits an invoice to the Program Office or the OCFO. The Invoice Receipt Date is date stamped by the AP Tech upon receipt.
- 3) Invoice Review – For invoices received by the OCFO directly, the AP Tech will submit the invoice to the Program Office Official who is responsible for determining the validity of the invoice. The Program Office Official is responsible for approving or rejecting the invoice outside of FBMS. The approving and rejecting of Non-IPP MO invoices must be completed within seven (7) calendar days of Invoice Receipt Date. For invoices received at the Program Office, the Program Office Official must submit approved invoices to the AP Tech within seven (7) calendar days of the Invoice Receipt Date.
 - a) If the Non-IPP MO invoice is **valid**, the Program Office Official must provide approval to AP Tech.
 - b) If the Non-IPP MO invoice is **invalid**, the Program Office Official must work with the vendor and request an updated invoice and inform the AP Tech via email.
- 4) Payment Disbursements
 - a) A 2-Way Match is required for all Non-IPP MO invoices. The match is based on the obligation recorded in FBMS and an approved invoice.
 - b) The AP Tech receives an approved invoice and matches the invoice against a MO obligation line item in FBMS to complete the 2-Way Match before posting the invoice in FBMS.
 - c) After the AP Tech posts an invoice in FBMS, the payment request is generated and parked on the payment certification approval table. The FBMS Certifying Officer certifies all payments. With a required 2-Way Match for Non-IPP MO invoices, the FBMS Certifying Officer must manually review all Non-IPP MO payment requests with amounts over \$2,500 and review required attachments before certifying payments in FBMS.
 - d) The Department transmits all certified FBMS payments to the Department of the Treasury for federal payment disbursement. Vendors normally receive payments within three (3) to five (5) business days via electronic funds transfer.

INDIAN AFFAIRS MANUAL

Part 27

Financial Management

Chapter 3

Invoice and Payment Processing under the Prompt Pay Act

Page 7

C. Non-IPP and Non-Reference Invoices.

- 1) Invoice Receipt – Once goods are delivered or services rendered, the vendor submits an invoice to the Program Office or the OCFO. The Invoice Receipt Date is date stamped by the AP Tech upon receipt.
- 2) Invoice Review – For invoices received by the OCFO directly, the AP Tech will submit the invoice to the Program Office Official who is responsible for determining the validity of the invoice. The approving and rejection of Non-IPP and Non-Referencing invoices outside of FBMS must be completed within seven (7) calendar days of Invoice Receipt Date. For invoices received at the Program Office, the Program Office Official must submit approved invoices to AP Tech within seven (7) calendar days of the Invoice Receipt Date.
 - a) If the Non-IPP and Non-Referencing Invoice is **valid**, the Program Office Official must provide approval to the AP tech by providing the full line of accounting information, vendor code, and approved amount to be paid.
 - b) If the Non-IPP and Non-Referencing invoice is **invalid**, the Program Office Official must work with the vendor and request for updated invoice, and the AP Tech via email.
- 3) Payment Disbursements
 - a) A 2-Way Match is required for all Non-IPP and Non-Referencing invoices. The 2-Way Match is based on an approved invoice and the associated full line of accounting that will be used as an obligation to pay for the invoice.
 - b) The AP Tech receives an approved invoice and associated full line of accounting to complete the 2-Way Match before posting the invoice in FBMS.
 - c) After the AP Tech posts the invoice in FBMS, payment requests are generated and parked on the payment certification approval table. The FBMS Certifying Officer certifies the payments. With required 2-Way Match for Non-IPP and Non-Referencing invoices, the FBMS Certifying Officer must manually review all Non-IPP and Non-Referencing payment requests with amounts over \$2,500 and review the associated invoice based on document type and required attachments before certifying payments in FBMS.

INDIAN AFFAIRS MANUAL

Part 27

Financial Management

Chapter 3

Invoice and Payment Processing under the Prompt Pay Act

Page 8

- d) The Department transmits all certified FBMS payments to the Department of the Treasury for federal payment disbursement. Vendors normally receive payments within three to five business days via electronic funds transfer.

D. Payment of Financial Assistance, Grant, and Co-operative Agreement.

- 1) After an IA Awarding Official (AO), Education Program Administrator (EPA), or Grant Management Officer (GMO) awards a financial assistance, grant, or cooperative agreement, FBMS transmits the award information to ASAP.
- 2) The ASAP Certifying Officer certifies the disbursement authorization amount in ASAP.
- 3) After disbursement authorization, recipients can initiate payment application requests in the ASAP.
- 4) OCFO AOD performs the following tasks daily to process ASAP payment application requests:
 - a) The ASAP Certifying Officer retrieves the payment file from ASAP and submits the payment file to the OCFO AOD Data Entry Operator (DEO).
 - b) The OCFO AOD DEO uploads the ASAP payment file into Treasury's Secured Payment System (SPS).
 - c) The ASAP Certifying Officer certifies the ASAP payment file directly in SPS.
- 5) After the completion of all daily ASAP tasks, the Department of Treasury will disburse ASAP-related payment requests. Recipients normally receive payments within three (3) to five (5) business days via electronic funds transfer.

Approval



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Date