

# Invoice Documentation

**John Whiteside**

External Audits Manager

Alabama Department of Transportation

# Audits:

- Desk Audit

- On-Site Audit

- 1) Expenses

- 2) Assets



# Documentation for On-Site Audits

- Agreements/Supplemental Agreements
- Invoices with Backup
- Emails or Notes regarding Adjustments or changes to the invoices.

# Agreements/Supplemental Agreements

- Agreements
- Supplemental Agreements
  - Revisions to original agreement
    - Start/End Date
    - Transfer of Funds across line items
    - Additional Funds

# Direct vs. Indirect cost

**Direct Cost** – any cost that can be easily traced back to your Transit program.

**Indirect Cost** – any cost that can not be easily traced to your Transit program

Sample Invoice - Operating

Category	October	November	December
Drivers (Salary)	21,000		
Fringe Benefits	7,000		
Fuel/Oil	2,000		
Maintenance & Repairs	1,500		
Tires	700		
Drug Screening	150		
Management Consultant	10		
Wrecker Services	100		
Pest Control	50		
Housekeeping	250		
Waste Management	100		
ASPC	100		
Security System	40		
Ground Keeping	250		
Cellular/Radios	500		
Total Expenses	33,750	-	-
Less Revenue (10% of Expenses)	3,375		
Farebox	1,800		
Contract Revenue	1,575		
Advertising			
Total Fares/Revenue	3,375		
Total Operating Deficit	30,375		
Less Local Match	(15,188)		
Amount Due	15,188		

Sample Invoice - Administration

<u>Category</u>	<u>October</u>	<u>November</u>	<u>December</u>
Director	6,000		
Coordinator	18,000		
Secretary	5,000		
Fringe Benefits	6,000		
Space Cost	2,000		
Office Supplies	1,500		
Equipment Mgmt. Agreement/Lease	700		
Telephone	150		
Utilities	10		
Printing/Advertising	100		
Insurance - Vehicle	50		
Tags	250		
Training	100		
Postage	100		
Dues/Fees	40		
Travel	250		
Accounting/Auditing	500		
Total Expenses	40,750	-	-
Less Local Match 20%	<u>(8,150)</u>		
Amount Due	32,600		

# Costs By Category

- Salary/Wages
- Fringe Benefits
- Fuel
- Maintenance and Repairs
- Tires
- Supplies
- Travel
- Workshops/Conferences



# Costs By Category

- Rent
- Telephone and Postage Charges
- Equipment charges
- Advertising cost

# Audit Documentation

## Labor Related Costs

- **Salary/Wages**
  - Pay Slips, Pay stubs, Payroll journals
  - Time and effort sheet
  - Payroll check copy or direct deposit receipt
- **Fringe Benefits**
  - Show calculation of the benefit
  - Benefits should be listed on the summary of charges

# Audit Documentation

## Non-Labor Related Costs

- **Most Non-Labor Related Costs**
  - Itemized Vendor Invoice
  - Proof of Payment – Check
  - Online purchase, screenshots are not acceptable documentation
  - Credit card statements and vendor statements are not supporting documentation. The Federal Acquisition Regulations require an actual receipt or invoice.
- **Inhouse and Allocated Costs**
  - Show calculation of the cost
  - Ledger information should be submitted

# Audit Documentation

## Non-Labor Related Costs

- **Travel**
  - **Travel Request Form**
  - **Travel Expense Form**
    - **Name of Person Traveling**
    - **Dates of Travel**
    - **Purpose of Travel**
  - **Lodging - Customer Receipt for stay at hotel**
  - **Meals – Itemized Receipt**
  - **Mileage/Fuel/Car Rental – Beginning and Ending Destination**
  - **Copy of check for reimbursement**

# Audit Documentation

## Non-Labor Related Costs

- **Telephone and Postage Charges**
  - Invoice
  - Proof of Payment.
  - In-House
    - Ledger information should be submitted



# Basic Documentation Practice

- Maintain a separate program file that contains copies of contracts and invoices
- Have the backup documentation required for an audit included with the invoices. (Payroll Document, Invoices, Checks, Bank Statements)
- Documentation should follow the flow of the summary and should equal the totals on the summary.
- Run a copy of any invoices likely to fade quickly (credit card, store receipts)



# Best Practices

## Financial Management

- Financial statements are produced and reviewed regularly by both the board of directors and a CPA
- An annual budget is developed and regularly monitored to determine/evaluate/respond to any variations
- The program has a diversity of resources, and it projects future increases/decreases from the various sources. It has a plan for the increases and decrease in funding.



# Best Practices

## Financial Management

- It has specific plans to meet any cash and in-kind matches that are required
- It has formal internal controls governing all financial operations
  - Written policies that govern segregation of duties with respect to receiving, recording and depositing checks, purchasing expense accounts and compensation with oversight from senior staff and the board
- It has written financial policies and procedures

# Best Practices

## Governance & Operations

- An active and independent board of directors or other governing body. (Independence = non-employees or related to employees or other board members)
- The composition of the governing board includes skills and knowledge (lawyer, accountant, fundraising)
- Each member of the board understands and can explain its organization's mission

# Best Practices

## Governance & Operations

- The board regularly examines its financial statements and discusses questions, concerns and issues
- The board has procedures for taking action on essential matters between its regularly scheduled meetings
- The board meets at least quarterly and has attendance expectations and tracks attendance

# In Conclusion....

## REMINDERS

- **Any charges for item needed before the actual contract is signed must be discussed before they are authorized.**
  - Ex. Printing of flyers, other “start up” cost
- **Invoices for charges should be itemized.**
- **Proper organization.**
  - Documentation should follow the flow of the summary and should equal the totals on the summary.
- **Keep a copy of all changes/adjustments made to any invoice.**

# Questions?



## Contact Information

Michal Matousek

[matousekm@dot.state.al.us](mailto:matousekm@dot.state.al.us)

334-244-6279

Alex Hetzel

[hetzela@dot.state.al.us](mailto:hetzela@dot.state.al.us)

334-244-6203