



Details are Important

Invoice Process

Know what you're paying for

When you engage a consultancy to provide business solutions, your risk of paying for unsubstantiated hours billed is high, unless you and the consultancy have controls in place to prevent this from occurring. This paper provides an overview of a timesheet and invoice process that significantly reduces the risk of paying for unsubstantiated hours billed.

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THE SITUATION

You engaged a consulting company to provide advice and solutions to meet your business needs. The consultancy uses a combination of employees and subcontractors for consulting and building solutions. Project management, building and implementing solutions, and quality of deliverables is the consulting company's responsibility. Your company actively participates in project management, solution implementation, and quality assurance oversight. You are ultimately responsible for the quality execution process and delivered solution.

- Confirm the activities performed for the billed hours (*You may dispute the hours if you don't think they are justified by the activities performed.*)
- Operational (day-to-day) view into the consultancy's activities
- You are accountable for delivery against consulting contracts

What should you demand

1. All billed hours are recorded on timesheets
2. A list of activities performed for every hour worked is provided with every timesheet.
3. All billed hours are logged against approved Statements of Work (SOW)
4. Confirmation of individual consultant's timesheet submission and the authorized managers approval

What's required of the consultancy's timesheet and invoice process

- Requires billed hours to be recorded against specific tasks
- Requires consultants to list activities for every hour billed
- Requires timesheet approval by an authorized manager
- Invoice must have task detail identical to timesheets
- Timesheets must be attached to invoices by consultancy and consultancy's subcontracting agencies

AUDITABLE INVOICE BUSINESS PROCESS

An auditable invoice and time accounting business process ensures auditable documents are attached to invoices throughout the entire time and accounting process.

1. Consultancy collects timesheets from employees and subcontractors weekly
2. Consultancy reviews and approves or rejects timesheet. (*Timesheets must be corrected by the person submitting before they can be used to bill the customer.*)
3. Subcontractors provide approved timesheets to their employer
4. Consultancy produces invoices and attached relevant timesheets
5. Consultancy emails invoice with attached timesheets to the customer
6. Customer reviews invoices and timesheets and approves for payment or voices a dispute
7. Subcontracting Agency submits their invoices with subcontractor provided approved timesheets attached to consultancy
8. Consultancy reviews invoices and timesheets and approves for payment or voices a dispute.

RISK INDICATORS

Look for these risk indicators to avoid getting into trouble.

- You receive invoices without timesheets
- The time sheets you receive do not have hours recorded for specific tasks
- The time sheets you receive do not have documented activities for every hour worked
- The consultancy receives and pays invoices without attached timesheets.
- The consultancy does not require timesheets with hours recorded for specific tasks
- The consultancy does not require documented activities for every hour worked.

Without an auditable consulting invoice process, you will spend too much on consulting, lose money by missing business goals, and pay for avoidable rework.

Q&A

- **Question:** Why is it important that invoices to your company have attached timesheets?
- **Answer:** Timesheets with explanations are the only way you have of confirming hours billed for work done.

- **Question:** Why is it important that you know the consultancy requires invoices with attached time sheets?
- **Answer:** If the consultancy doesn't have adequate controls it is likely they will send you unsubstantiated invoices and risk of paying unsubstantiated invoices is high.

- **Question:** Why must hours be recorded against specific tasks?
- **Answer:** The particular task should come from your original estimate. It's virtually impossible to measure spent dollars against the project budget without hours recorded against specific (estimated) tasks.

- **Question:** Why must the consultancy record activities for every hour worked.
- **Answer:** You know how the consultant is doing their job and whether they are performing a lot of rework.

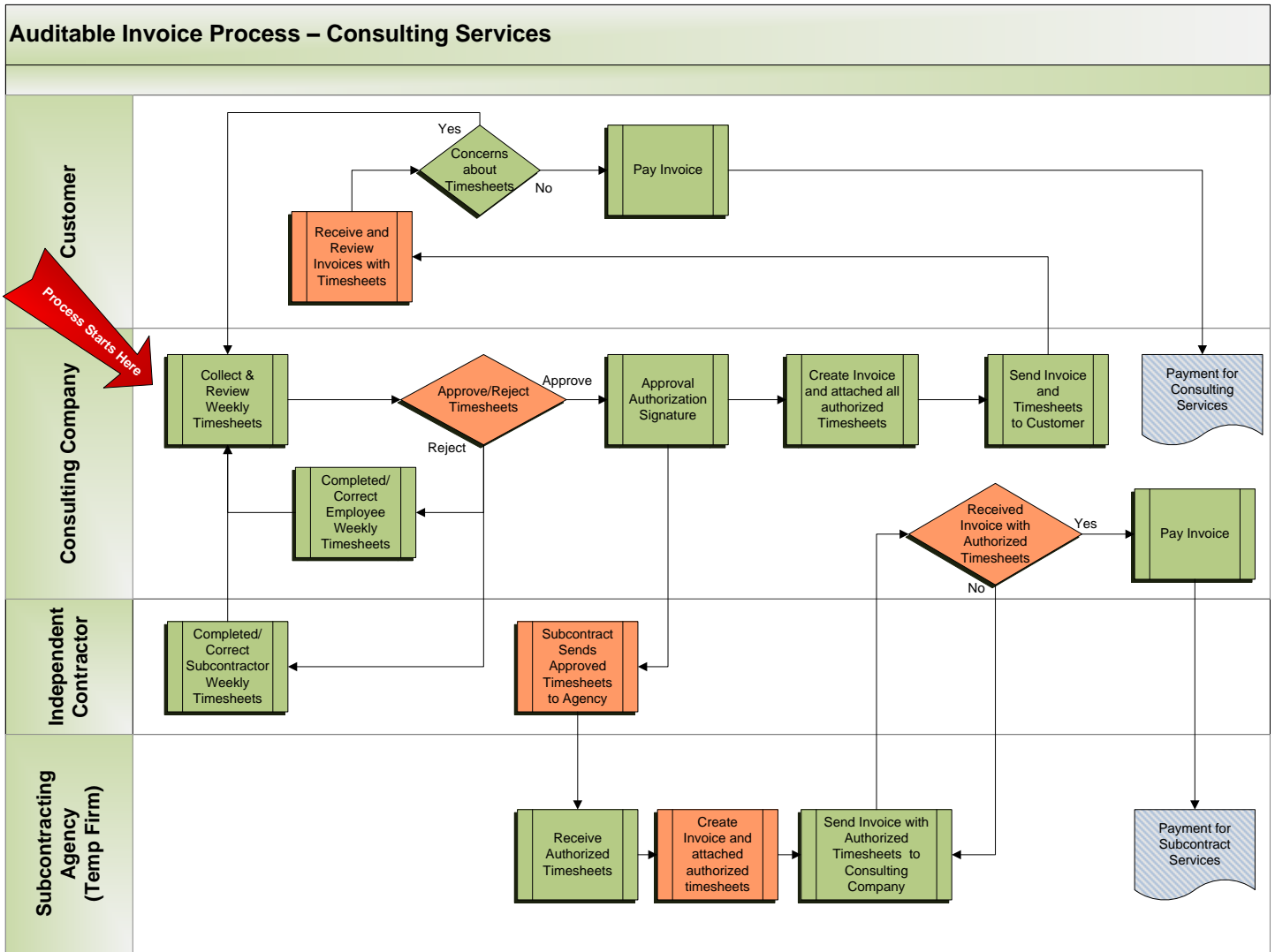


FIGURE 1. AUDITABLE INVOICE PROCESS