

Payment Approval

The costs incurred by the contractor should be in accordance with the contract rate schedule. Invoices should be reviewed to ensure that the contractor's billing coincides with the contract's progress. This requires that the contractor's progress be measurable. Cost incurred or invoices submitted, in and of themselves, are insufficient indicators of the contractor's progress.

If the agency believes that the requested payment exceeds the contractor's progress, an explanation should be requested from the contractor prior to approval of the invoice. Payment should be withheld pending agency satisfaction with the contractor's progress.

Invoices must be approved by program staff prior to payment. Payments must be made in accordance with the Texas Prompt Payment law^{lxvii} which requires that correct invoices be paid within 30 days from the date the correct invoice was received or the services/goods received, whichever is later. The invoice should be reviewed to ensure:

- The contractor is billing only for goods or services received by the agency.
- The goods or services have been inspected and accepted.
- The invoice is correct and complies with the pricing, terms, and conditions of the contract.
- The total payments do not exceed the contract limits.

Client services contracts are unique in that acceptance of a good or service is not an indicator that an invoice should be paid. Problems with client services contracts generally surface after invoices are paid. Contract managers dealing with client services contracts should ensure mechanisms exist to implement remedies contractors for poor performance and that future payments may be withheld until performance improves.

Withholding Payment

Agencies have the responsibility to protect the interests of the agency and under appropriate circumstances, it may be necessary to withhold payments from contractors. Circumstances where it may be necessary to withhold payment include, but are not limited to:

- There is a material breach of the contract by the contractor;
- Errors in the invoice;
- Unsupported or undocumented costs;
- To remedy previous overpayments on the same contract; and
- Contractor's performance is non-conforming or unacceptable.