



VA Expands Electronic Invoicing

Agency will also offer service to other federal agencies

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By Joab Jackson

The Financial Services Center of the Veterans Affairs Department is setting up an electronic invoicing service for commercial vendors doing business with the agency. FSC also plans to offer this service for other agencies.

The agency signed an agreement with a commercial provider of an electronic invoice submission network, OB10. A&T Systems is acting as the contractor to bridge the agency to the network.

FSC serves as a central invoice-processing center for any supplier working for Veterans Health Administration hospitals. The agency processes about 900,000 invoices annually, said Terry Riffel, associate director at the center's Financial Operations Service. Many larger contractors already submit invoices electronically through an electronic data interchange process, but many smaller companies still use paper because they can't afford EDI fees. "We still have a considerable number of vendors that still invoice us with paper," Riffel said.

Although FSC already has a routine in place that supports the integration of paper invoices into the computerized accounting system, the process involves a fair bit of time-consuming manual labor. Invoices must be optically scanned and then checked to see if all required data fields were entered correctly.

In this new arrangement, OB10 will offer a conduit companies can use to submit invoices through a variety of electronic formats. Companies could submit invoices directly from small-business accounting programs, such as Intuit QuickBooks, or from enterprise resource-planning applications from SAP and Oracle.

"The vendor does not have to change anything they do. They will export the file to OB10, and OB10 will do the mapping to us," Riffel said.

The mapping involves placing all the information in the invoice in the appropriate format for VA's accounting system. At present, FSC is working with OB10 and A&T to define the data maps for the electronic file.

OB10 also will provide the first round of automated checks to ensure all the requested information is present and in the correct format, relieving VA personnel of making sure all the forms are filled out correctly.

“Some of the work I actually have technicians do today will be bypassed” in this new setup, Riffel said.

It is up to OB10 to encourage the contractors to use the new system, Riffel said. The companies hope to get the first suppliers on the system by the end of January and have more than 2,700 participants by the end of 2008.

In this arrangement, VA will pay OB10 and A&T 84 cents for each invoice processed in the first year, with the fee per transaction decreasing in the following four optional years of the contract.

In addition to serving VA, FSC will open the electronic invoice-processing service to other federal agencies and departments at cost, Riffel said. “We can service other federal agencies if they are interested in taking advantage of this.” For those agencies that still get paper invoices, FSC can arrange to have suppliers submit their invoices through OB10. If the supplier also is supplying VA, no additional work would be needed in submitting the invoice to the other agency.

The service was set up as a franchise fund operating under the Government Management and Reform Act of 1994. Working as a shared-services provider, FSC can either pay the invoice or ship the vetted invoice to the agency.