

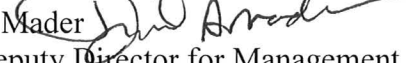



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

July 17, 2015

M-15-19

MEMORANDUM FOR CHIEF FINANCIAL OFFICERS
CHIEF ACQUISITION OFFICERS
SENIOR PROCUREMENT EXECUTIVES
SMALL AGENCY COUNCIL MEMBERS

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SUBJECT: Improving Government Efficiency and Saving Taxpayer Dollars
Through Electronic Invoicing

The President's Management Agenda seeks to improve the efficiency and effectiveness of Government through increased citizen and business facing services. Efforts to date have included reducing fraud, waste, and abuse; modernizing citizen facing services; and strengthening Federal acquisition practices to reduce red-tape, and provide greater benefit for taxpayer dollars. Executive departments and agencies have taken steps to eliminate contracts that are no longer necessary or affordable, launched new efforts to pool the Government's buying power, and implemented technology and data sharing solutions that reduce costs to taxpayers.

One area where more work remains is how the Federal Government interacts with contractors to pay invoices.¹ The Federal Government is the largest single purchaser of goods and services in the United States, processing over 19 million invoices each year. Approximately 40% of these invoices are processed using electronic invoicing² with the remaining using a mix of electronic and manual processes that provide little visibility to businesses and can result in tax dollars being used for late payment fees rather than to support critical agency missions. To address cash flow issues for businesses, particularly small businesses, the Administration took

¹ Includes requests for contractor payment such as contract financing payments and invoices per the Federal Acquisition Regulation 32.001.

² Electronic invoicing is defined, for the purposes of this memorandum, as payment requests (invoices) for commercial goods and services that are managed as a collection of structured data elements exchanged through electronic workflow that allows Federal agencies and contractors to track status and requires minimal manual interaction.

steps to facilitate accelerated payments to small businesses and small business subcontractors.³ Electronic invoicing can further these goals while also reducing administrative burden and costs to taxpayers.

All-Electronic Invoicing by 2018

Today, the Federal Government has a small number of well-established electronic invoicing solutions, as identified by the Office of Management and Budget (OMB).⁴ For many agencies, these systems have eliminated inefficient paper-handling processes and reduced late payment penalties. Obtaining the full value of electronic invoicing requires a coordinated approach that will reduce burden and duplication to both agencies and businesses. Consistent with the Federal-wide approach to eliminate duplication across Government and reduce burden on vendors, this memorandum:

- Directs agencies, by the end of FY 2018, to transition to electronic invoicing for appropriate Federal⁵ procurements by one of the following means:
 - Migration to a designated Federal Shared Service Provider (FSSP) and adoption of the FSSP electronic invoicing solution;
 - Use of an OMB approved electronic invoicing solution that aligns with agency mission and support requirements; or
 - Cessation of any investments in new electronic invoicing solutions.
- Directs all FSSPs and other electronic invoice solution providers, no later than the beginning of FY 2018, to: (1) integrate with the Integrated Award Environment (IAE) systems (to include the System for Award Management (SAM)) for contractor information and to reduce vendor burden; (2) develop electronic interfaces such as web-services or Application Programming Interfaces (APIs), and (3) mitigate any risks associated with the use of proprietary or third party supported systems;
- Requires OMB to work with the Chief Financial Officers (CFOC) and Chief Acquisition Officers (CAOC) Councils, with the Department of the Treasury's (Treasury) Office of Financial Innovation and Transformation (FIT), and agencies named as FSSPs and approved electronic invoicing providers to establish a shared services governance model that will ensure all invoicing solutions provide value and service, reduce duplication, facilitate adoption of data standards and interfaces for electronic invoicing as well as those developed in support of the Digital Accountability and Transparency Act of 2014 (DATA Act) and Intra-Governmental Payment and Collection (IPAC) working group, in support of the cross-agency priority goal for shared services;

³ Office of Management and Budget Memorandum M-11-32 dated September 14, 2011, Accelerating Payments to Small Businesses for Goods and Services and Federal Acquisition Regulation Part 32.009.

⁴ For example, the Department of Defense (DOD), the Department of the Treasury (Treasury), and the Department of Transportation (DOT) have well-established electronic invoicing solutions.

⁵ Appropriate procurements include commercial products and services may exclude such activities as utilities, charge card payments, vendors using Personally Identifiable Information (PII) for identification, relocation services, and other areas where Federal electronic invoicing processes do not match common industry practices.

- Requires OMB to work with Treasury, the CFOC, and the CAOC, within 120 days of issuance of this memorandum, to develop recommendations for a central collection portal into which invoices can be submitted and distributed. The interagency effort to develop the recommendations must include FSSPs and agencies with current electronic invoicing solutions as well as the General Services Administration (GSA); and
- Commits that, within 180 days of issuance of this memorandum, OMB will make available to agencies data standards to be used in electronic invoicing for procurements. Any regulatory changes required as a result of these standards or this memorandum will follow established rule-making procedures.

Agencies are encouraged to use <https://community.max.gov/x/FACBM> for assistance in the implementation of this memorandum, to provide a forum for interagency dialogue, to submit questions, and to share lessons learned across agencies. This site also contains information on points of contact for existing electronic invoicing solutions as well as data standards, user manuals, and other relevant information.