



## How VA OSDBU Will Assist a Small Business With Resolving Issues With Late Payments on a VA Contract Fact Sheet

### Summary:

VA OSDBU will assign an ombudsman to help a small business by tracking and helping to resolve the invoice issue through to its completion.

### Discussion:

The U.S. Department of Veterans Affairs (VA) Office of Small Disadvantaged Business Utilization (OSDBU) should, once a late payment is reported, provide a personal contact person for each affected small business who will act as ombudsman and follow the process through to payment by reporting weekly to the small business until the problem is resolved.

Small businesses shall send all invoice payment issues (i.e., late payments) to [OSDBUAcgSupport@va.gov](mailto:OSDBUAcgSupport@va.gov). (Please expect a response and returned email within three business days.) Once the emailed request is processed for action, the VA OSDBU ombudsman begins telephone and email correspondence with the vendor and contracting officer (CO) to find out the cause for non-payment.

#### **VA OSDBU should initially research invoices.**

A proper invoice must be submitted (to include contractor name and address; invoice date and number; contract number or other authorization; description, quantity extended price, or services; shipping and payment terms; contractor official to receive payment; and TIN and EFT banking information). VA OSDBU will only serve as a facilitator to ensure meetings are scheduled between the vendors and COs.

#### **VA OSDBU should explain how the payment process works.**

If a vendor submits a proper and valid invoice, VA must pay it on time. If not, the payment is late. In most cases, when an agency processes an invoice late, it must pay interest to the vendor. The Prompt Payment Act determines applicable interest penalties. VA OSDBU will facilitate the meetings between the vendors and the COs and will provide feedback to both parties.

#### **VA OSDBU should encourage the small business to use electronic payments.**

Electronic Payment Requests: Except as provided in paragraph (e) of this clause, the contractor/vendor shall submit payment requests in electronic form. Purchases paid with a government-wide commercial purchase card are considered to be an electronic transaction for purposes of this rule and, therefore, no additional electronic invoice submission is required.

**Data Transmission:** A contractor must ensure that the data transmission method and format are through:

- [FSC e-Invoice Program](#)—VA's Electronic Invoice Presentment and Payment System
- Any system that conforms to the X12 electronic data interchange (EDI) formats established by the Accredited Standards Center (ASC) and chartered by the American National Standards Institute (ANSI) (The [X12 EDI website](#) includes additional information on EDI 810 and 811 formats.)



**Let the small business know they may be entitled to interest payments**

**Interest Penalty**<sup>1</sup>: The designated payment office will pay an interest penalty automatically, without request from the contractor, if payment is not made by the due date and the conditions listed in paragraphs (a)(4)(i) through (a)(4)(iii) of this clause are met, if applicable. However, when the due date falls on a Saturday, Sunday, or legal holiday—the designated payment office may make payment on the following working day without incurring a late payment interest penalty.

**The ombudsman may encourage the use of the accelerated payment methods specified at 5 CFR 1315.5 in the case of Simplified Acquisition.**

**Accelerated Payments:** USC § 1315.5 states that payments are available for partial deliveries are available unless prohibited by the contract. A single invoice under \$2,500 may be paid as soon as receipt and acknowledgment of a proper invoice is completed. Vendors shall be entitled to interest penalties if invoice payments are made after the payment due date. If a penalty is warranted, the ombudsman should follow the process through to payment, as above.

**VA OSDBU will assist the small business by tracking and helping to resolve the issue through to its completion.**

<sup>1</sup> FAR 32.9; 52-232; VAAR 852.232-72; 5 CFR 1315.5 and 48 CFR 52.232

For more information about VA Small and Veteran Business Programs, visit <http://www.va.gov/osdbu>.