



Opportunities for Ohioans with Disabilities

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Governor
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Bureau of Services for the Visually Impaired
Bureau of Vocational Rehabilitation
Division of Disability Determination

Green Belt Lean Six Sigma Project Report Out

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Opportunities for Ohioans with Disabilities

December 2, 2014

OOD INVOICE PAYMENT PROCESS

TEAM MEMBERS:

Opportunities for Ohioans with Disabilities (OOD)

- **Sponsor:** Therese Dyer
- **Mentor:** Jan Roederer
- **Subject Matter Experts:** Carolyn Koblens, Tammy Leonard, Lucille Twitty, Stacy Snyder, Stephanie White, Liz Polito, Debra Ditty, Gweldyn Edwards, Chris Glover, Donna Foster-Sillanpa, Vicky Wiley, Katherine McMahan, Alissa Otani-Cole, Scott Blake

STAKEHOLDERS

- **OOD Staff** – All invoice processors
- **Vendors** – All who submit invoices
- **Consumers** – Those receiving services from vendors
- **Ohio Shared Services (OSS)** – Receive completed invoices from OOD

BACKGROUND-SCOPE

- First Step: Invoice is received by OOD
- Last Step: Invoice is paid

TYPES OF INVOICES (SCOPE)

Includes ^(LOVE)	Excludes
Type Invoice- Admin Contracts ^{DDP} All Contracts Invoices- General Training Supplies ALL Staff DDD Field Staff 30 Day Payroll + Structure Invoices Invoice Later Payroll Done	Case Services P-Card Admin

Contract Invoices	Types of Invoices
<ul style="list-style-type: none"> • OSU, UC - needs assessments OSU - John Granting ctr (training) • meeting space - various vendors used • DOT or Ohio Turnpike (ET passes) • HR - other consultants for sw + mg • Rent (Facilities -) utilities, Simplex, cell phones interact (Security) • DDD consultants/Dr. • postage, equipment maintenance on machines URS, Honey Bowers, USPS • cleaning service + supplies (ARC) (Direct Resources) 	<ul style="list-style-type: none"> • CCD, PCA IL, IL0B WAG contracts • MOU (one stop shops) • parking • training - supplies, consultants, subscriptions (how) • RA invoices - readers, drivers, interpreters equipment ^{multiple to line} • shredding • hotel • IT - equipment, maintenance, ^{equip} sw licenses consultant ^{hw +} • state agencies; DAS (AIT), JFS (part charges) DPI (envelopes) - furniture state printing

BACKGROUND-OPPORTUNITY

- Ohio Revised Code 126.30 and OAC 126-3-01 require state agencies pay invoices for services rendered within 30 days of receipt.
- A process was developed for these contract invoices, but an agency-wide policy or procedure was not developed for all invoices.
- Multiple processes within OOD are followed by various employees and departments, depending on the nature of the invoice and the point of entry.

BACKGROUND-OPPORTUNITY

- There is a general lack of standardization within the process.
- Based on surveys and interviews, some staff members reported spending an inordinate amount of time to process invoices.
- Primary objectives of this project is to decrease the amount of process steps, handoffs, decisions, waste points, and overall time required for staff members to process invoices.

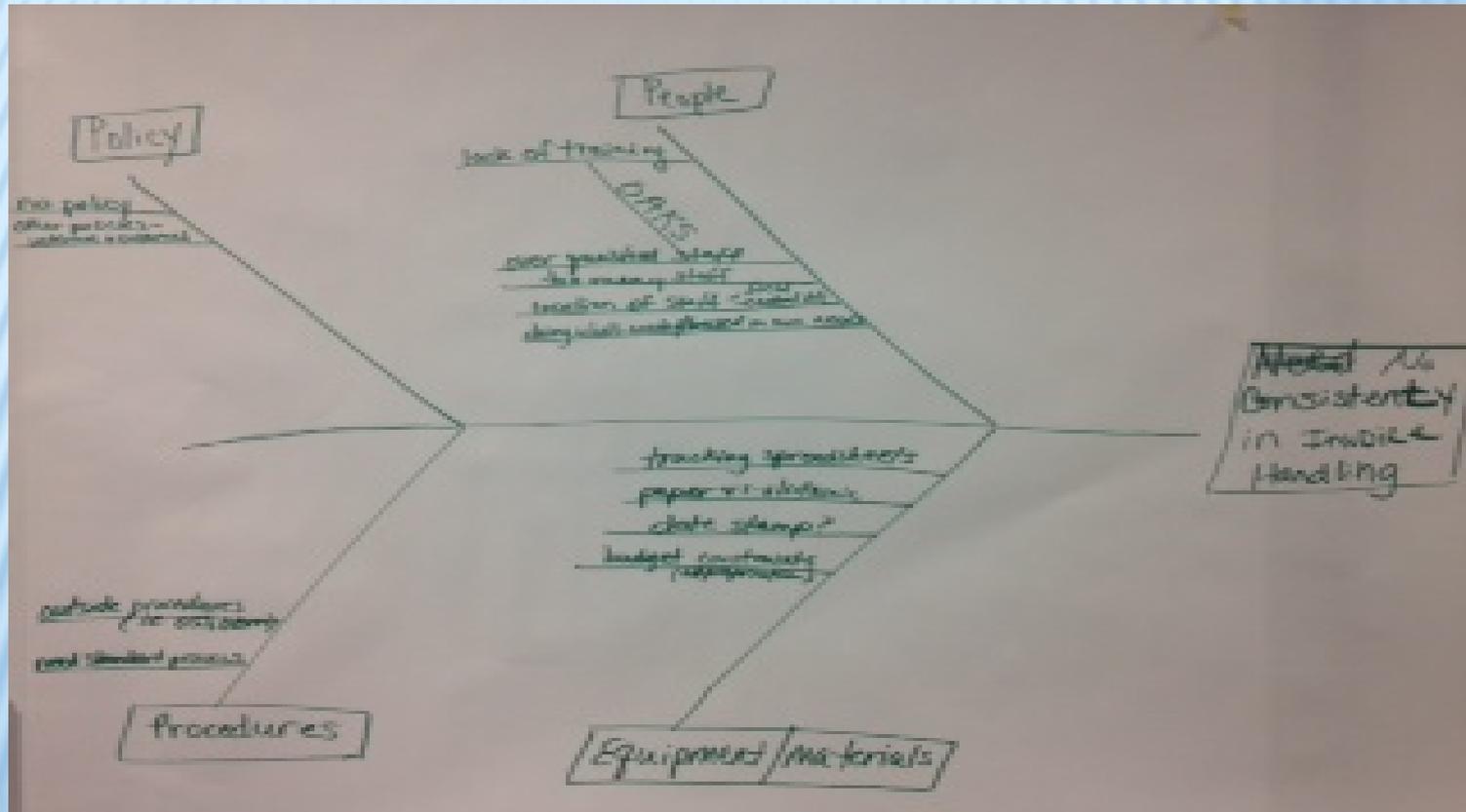
BACKGROUND-DEFECT DEFINITION

- Invoices not being paid within State regulations
 - Lack of standardized process
 - Lack of policy
 - Numerous hand offs
 - No back-ups for staff

PROJECT GOALS

- Increase percentage of invoices paid within 30 days to at least 96%
- Develop a standard policy and procedure for invoice processing
- Decrease number of entry points into process
- Reduce staff time in the processing of invoices

FISHBONE DIAGRAM (DEFINE)



OPERATIONAL DEFINITIONS (DEFINE)

- **Proper Invoice-** An itemized listing showing delivery of the commodity or performance of the service described in the order and the date of the purchase or rendering of the service or an itemization of the things done, materials supplied, or labor furnished and the sum due pursuant to the contract or obligation.
- **Receipt of a Proper Invoice-** receipt of both (a) an invoice as defined above (i.e. “proper invoice”) and (b) the purchased equipment, materials, goods, supplies, or services, both of which shall be free of defects, errors, discrepancies, and other improprieties. A state agency is in receipt of a proper invoice as soon as it has such invoice and such purchased or leased item is received or service is provided.

OPERATIONAL DEFINITIONS (DEFINE)

- **Prompt Payment-** payment on or before (1) the date when payment is due according to a written agreement between OOD and a vendor or contractor or (2) thirty days after OOD receives a proper invoice.

- **OOD Time-** Total time it takes for OOD staff to review, approve and submit invoice to OSS for processing.

TIMWOOD (DEFINE)



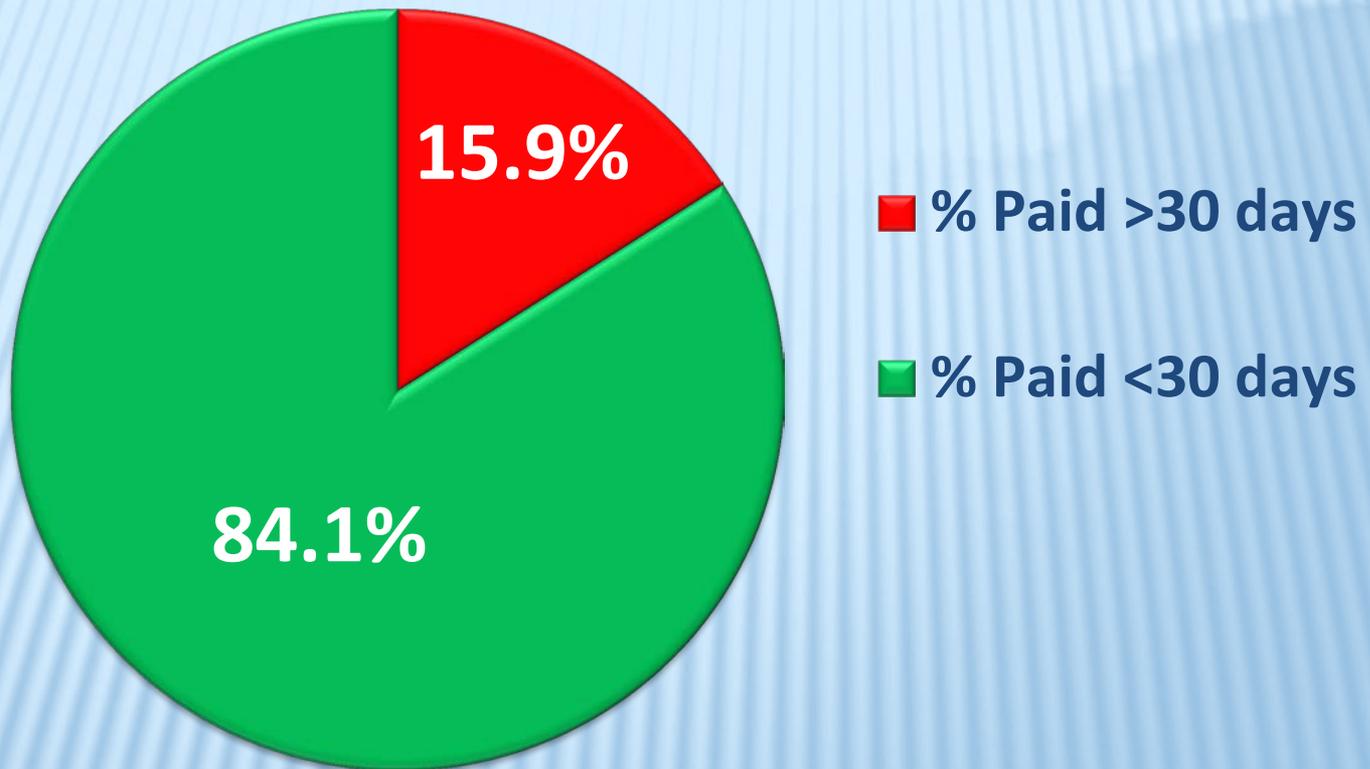
DETAILED PROCESS MAP (DEFINE)



METRICS REVIEWED (MEASURE)

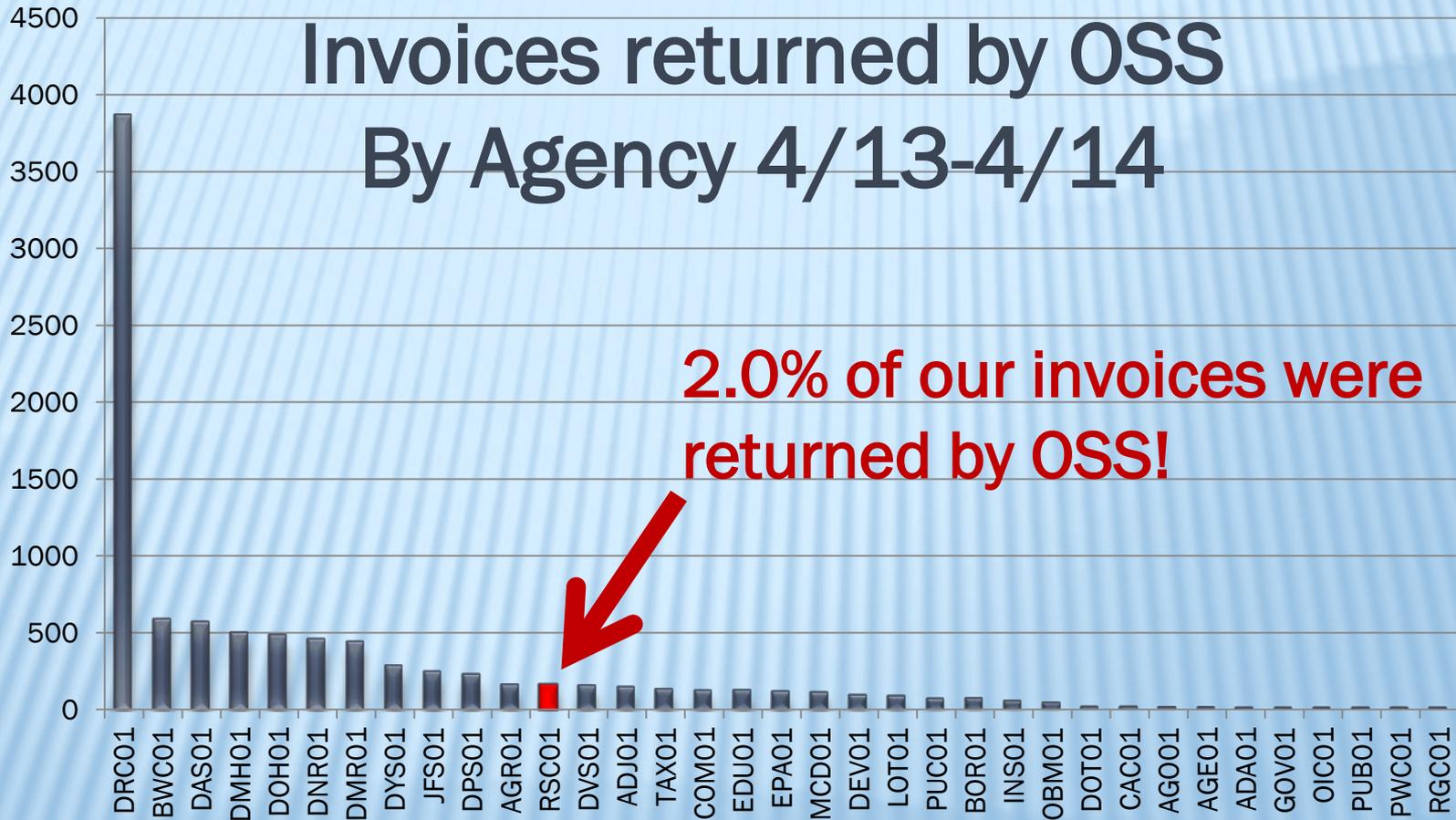
- There were several points of measurement used in defining the performance of the current process and establishing goals for the new process:
 - Number of invoices processed by OOD in a 12 month period (Jan, 2013 – May, 2014)
 - Mean time for OOD to process invoices
 - Mean time for invoices to be paid
 - Number of invoices returned by OSS
 - Vendors with highest frequency of late payments

BASELINE DATA (MEASURE)



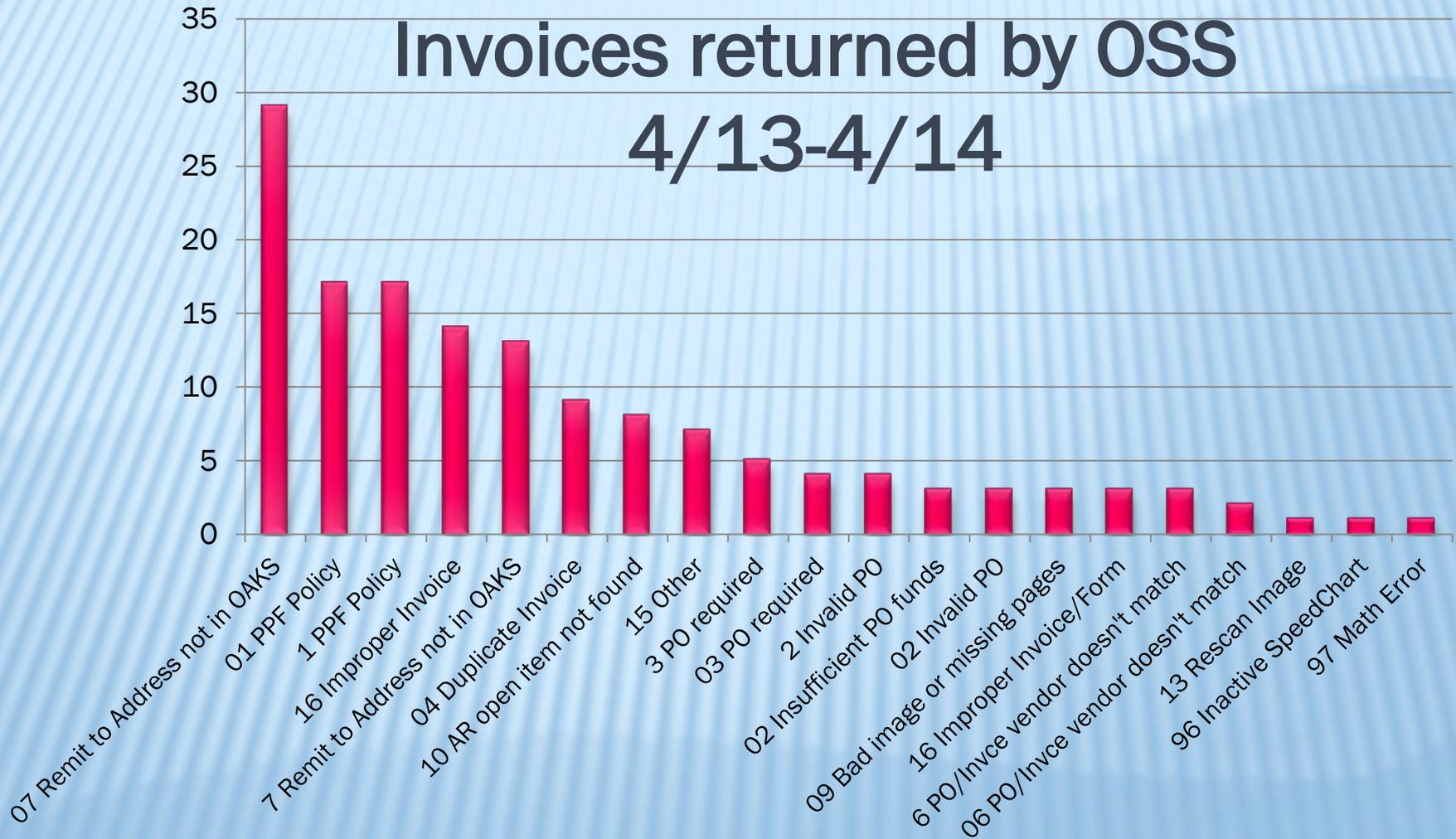
BASELINE DATA (MEASURE)

Invoices returned by OSS By Agency 4/13-4/14

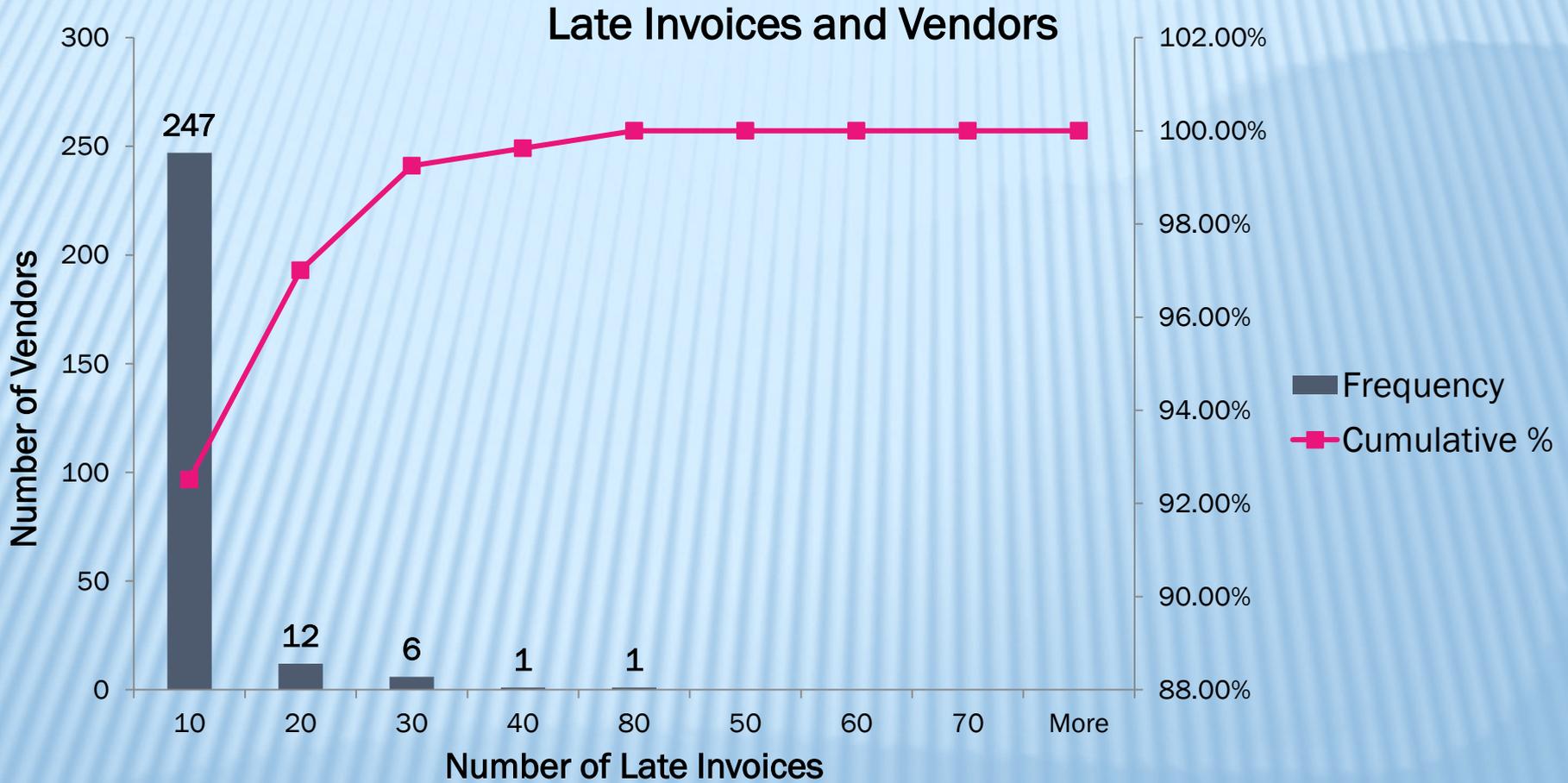


BASELINE DATA (MEASURE)

Invoices returned by OSS 4/13-4/14



BASELINE DATA (MEASURE)

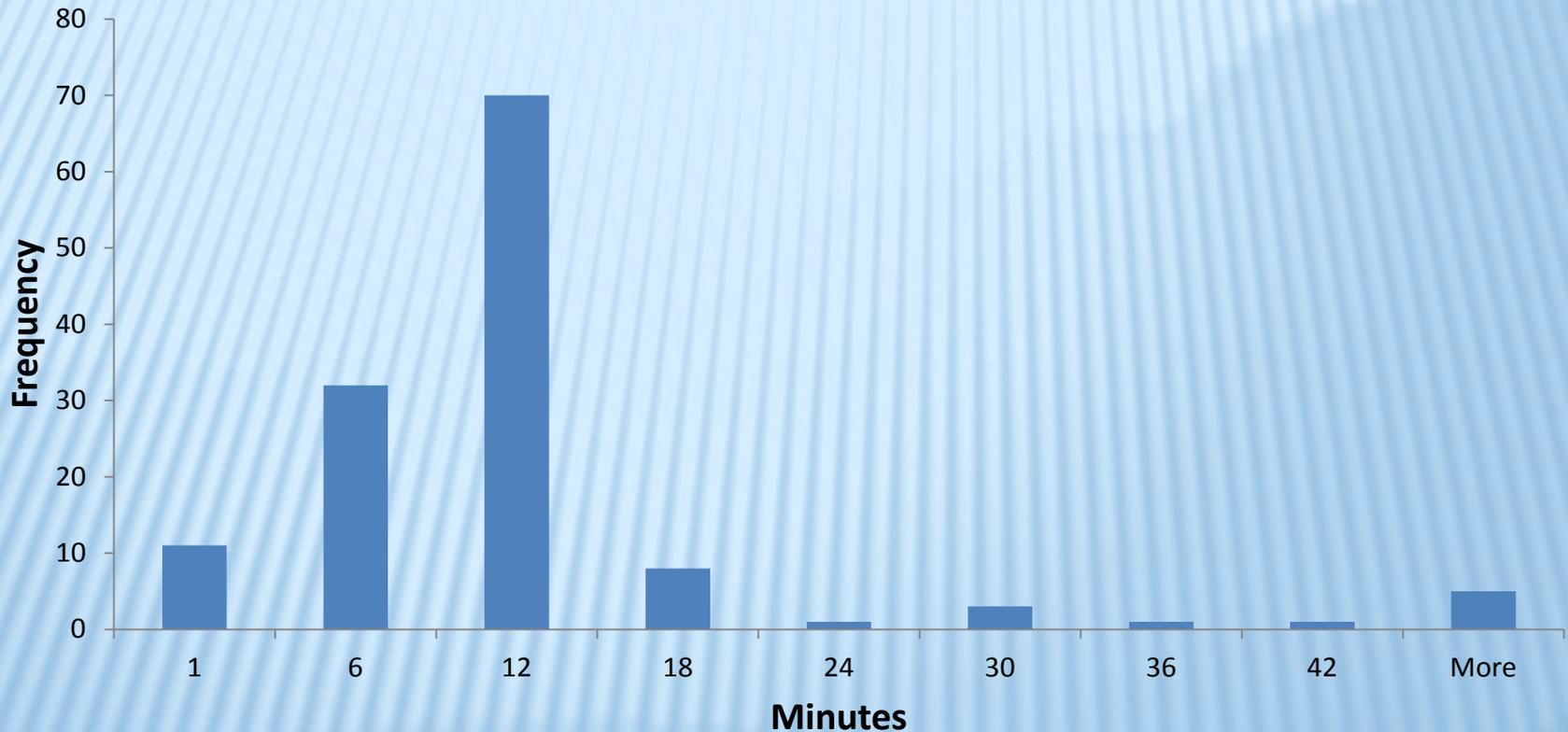


BASELINE DATA (MEASURE)

Time Observation Form									
Task #	Task (from process map)	Example	1	2	3	4	5	6	7
	Type of Invoice	3 Way Match Invoice							
1	Receive invoice-electronic, mail. Open, timestamp etc	2							
2	Review invoice to make sure it's proper*	3							
3	Receive approval for payment	1							
4	Purchase order changes needed for modification	5							
5	Complete Pre-Processing Form	6							
6	Print, Scan, Save and Submit invoice to OSS	10							
7	Enter tracking data spreadsheets	4							
8	Checking for payment and recording	6							
9	Other task: Explain in task observation field (e.g. <i>Create Receipt, attach invoice, 3-way match process, etc</i>)	5							
Total Process Cycle Time		37	0						

BASELINE DATA (MEASURE)

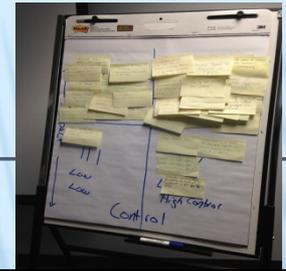
Total Time for All Invoice Types



TEAM BRAINSTORMING (ANALYZE)

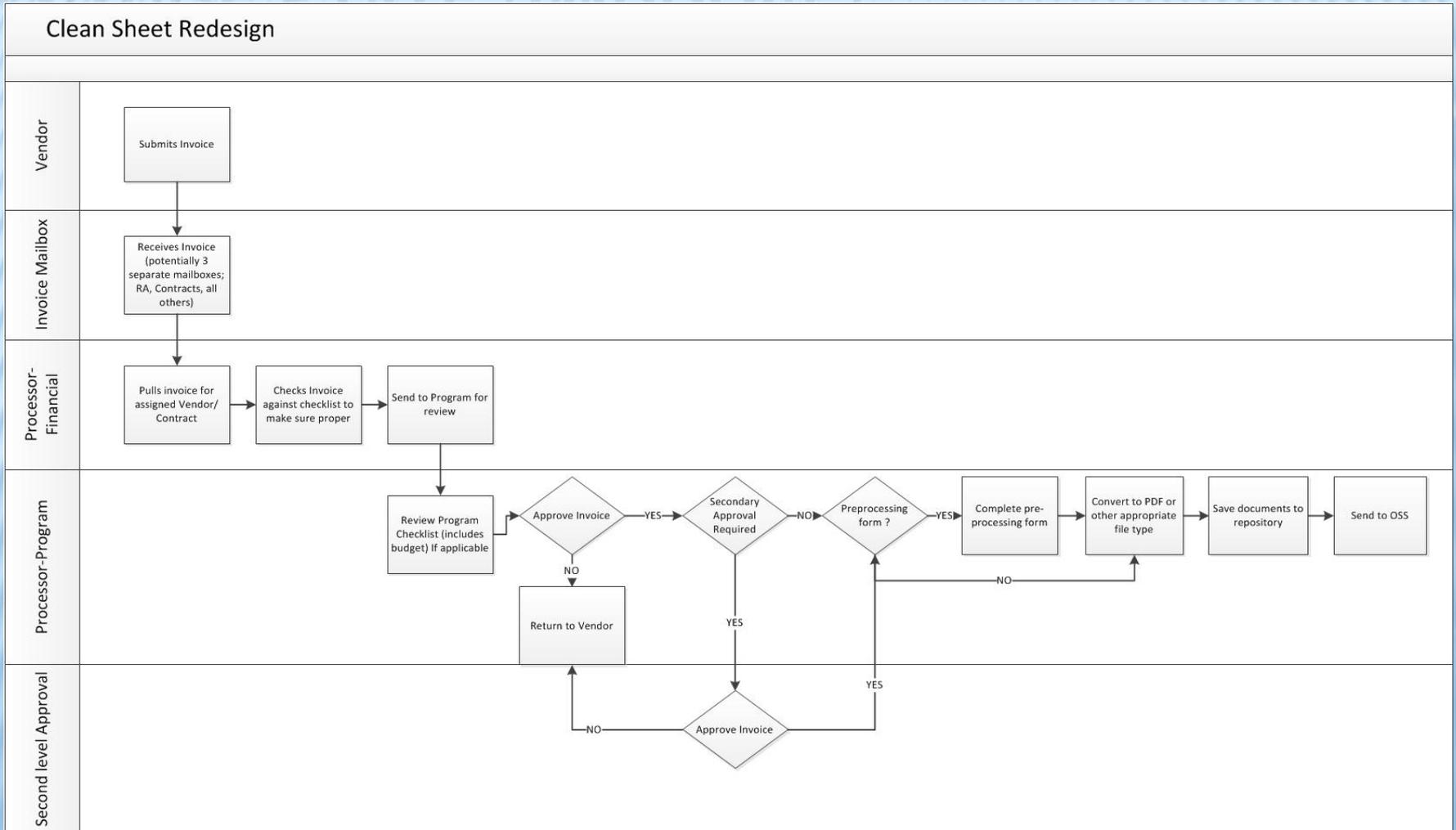
- What have we discovered so far?
 - Many points of entry
 - Two separate processes based on invoice type
 - Lack of a policy/procedure
 - Opportunities for data entry errors (invoice dates)
 - Re-work is relatively minor
 - Key vendors with delayed payments
 - No back ups for processors

FUTURE STATE (IMPROVE)



IMPACT 	1 High Impact/Low Control <ul style="list-style-type: none"> Program is only responsible for ensuring service was rendered. No responsibility to track. Consistent billing frequency/ask vendor to bill monthly or quarterly instead of weekly/longer contract times Use budget access database to deduct items from the PO/approved budget Line item amounts are directly tied to the budget and deducted Eliminate the pre - processing form Give Adobe Nitro to those who process invoices and their back - ups Buy with payment card when possible (renegotiate/re- check often) Pay invoices in - house 	2 High Impact/High Control <ul style="list-style-type: none"> All invoices go to a central location (one entry point) Create information sheets for vendors so they know what to include on the invoice to avoid rejections/FAQs/Request updated info/Address changes/Review Remit to Address in Oaks Operational definitions for receipt date or service received date/invoices are stamped (electronically) for the official receipt date Use mail (and tracking options) for if invoice approvals versus interoffice mail Establish and train back up for processor Standardized invoices Need Policy and Procedure Training for staff (outlined in writing) One database/one spreadsheet Change schedule for how often invoices are processed a week Clarify who should pay invoice
	3 Low Impact/Low Control <ul style="list-style-type: none"> Allow vendors to submit directly to OSS 	4 Low Impact/High Control <ul style="list-style-type: none"> Longer Contract Terms Assign contractors/vendors to one point of contact in A/P and one AE2 Need a QA process built into this When invoice is late have reason on tracking form.
CONTROL 		

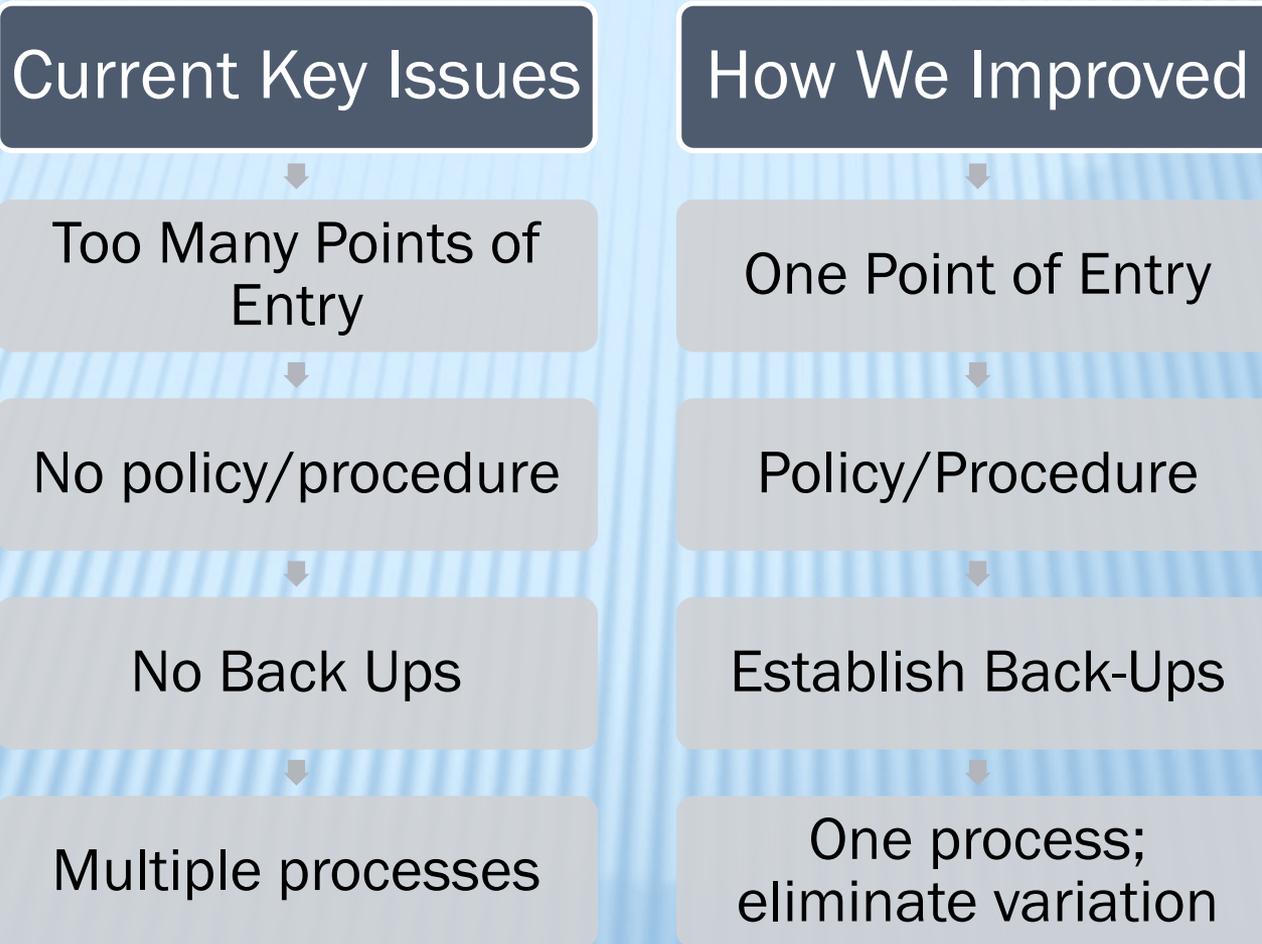
FUTURE STATE (IMPROVE)



ACTION REGISTERS (IMPROVE)

What	Who	When
Create central email mailbox	IT & Stacy Williams	12/31/14
Revise Program Review Checklist	Katie Scheetz with Contract Staff input	12/31/14
Revise Finance Review Checklist	Stacy Williams	12/31/14
Communication & guidance to vendors.	Christy Hauck	12/31/14
Policy and Procedure pdf editor/Job Aid	Stacy Williams	11/15/14
	Christy Hauck	12/31/14

IMPROVEMENT SUMMARY



IMPROVEMENT SUMMARY

Contracts	Current State	Proposed Future State	Reduction
Steps	23	15	34 % (8 Steps)
Hand-offs	6	4	33% (2 hand-offs)

All Other Invoices	Current State	Proposed Future State	Reduction
Steps	27	15	44 % (12 steps)
Hand-offs	5	4	20% (1 hand-off)

CONTROL PLAN

- Publication of Policies/Procedures
- Monitor metrics at 3, 6, 9, and 12 months
- Re-evaluate process and adjust at the above intervals or as needed
- Training

OVERALL BENEFITS OF THE PROJECT

- More timely payment of invoices
- Improved service to customers
- Structured, consistent process
- Greater accountability
- Greater allocation of time to mission-critical tasks

SPECIAL THANKS TO...

Senior Leadership:

Kevin Miller, Executive Director, OOD

Bill Bishilany, Assistant Executive Director, OOD

Raivo Murnieks, Deputy Director of Performance & Innovation, OOD

Sponsor: Therese Dyer

Mentor: Jan Roederer

Black Belt: Tom Melfo

Team Leader: Stacy Williams