

## Project Details

<b>Organization/SDO</b>	Southern Health – Santé Sud	<b>Site/Program</b>	Finance – Regional
<b>Project Description (7 words max)</b>	Streamline the accounts payables process	<b>Project Facilitator/Belt Level</b>	➤ <b>Jory Janzen</b> – Accounts Payable Supervisor - Yellow Belt (Trainee)
<b>Project Sponsor</b>	<ul style="list-style-type: none"> <li>➤ <b>Ainsley Wiebe</b> - Decision Support Analyst (Green Belt)</li> <li>➤ <b>Kristy Radke</b> - Director of Support Services</li> <li>➤ <b>Danielle Dupuis</b> - Regional Manager - Corporate Financial Services</li> </ul>	<b>Project Team Members</b>	<ul style="list-style-type: none"> <li>➤ <b>Debbie Penner</b> – Accounts Payable Site Clerk for Carman Memorial Hospital</li> <li>➤ <b>Maxine Lilley</b> – Accounts Payable Site Clerk For Portage District General Hospital</li> <li>➤ <b>Wanda Enns</b> – Accounts Payable Clerk for Southport Regional Office</li> <li>➤ <b>Ingrid Sokolosky</b>– Accounts Payable Clerk Southport Regional Office</li> <li>➤ <b>Lorraine Hawkins</b> – Junior Accountant</li> <li>➤ <b>Pam Durand</b> – Junior Accountant</li> </ul>
<b>Project Start Date</b>	November 14 <sup>th</sup> , 2017	<b>Project End Date</b>	March 30, 2018

**Problem Statement** - To streamline the accounts payable process effectively so that all invoices are administered in the most efficient, timely and accurate way while reducing resource waste.

## Current State Analysis –

<p>Between November 27<sup>th</sup> and December 22<sup>nd</sup>, a measurement sample of our accounts payable process was conducted at the Portage District General Hospital (PDGH), Carman Memorial Hospital (CMH) and Emergency Medical Service department (EMS). Some of the measurements that were collected were:</p> <ul style="list-style-type: none"> <li>• The time from receiving and invoice to sending that invoice to the Southport AP department</li> <li>• How the site clerks received the invoices</li> <li>• Counts of how many times one invoice was printed</li> <li>• A count of processing errors on each invoice</li> <li>• The length of time required to have a processing error corrected</li> </ul>	<ul style="list-style-type: none"> <li>• 24 (11%) invoices took less than one day to process</li> <li>• 141 (67%) invoices took between 1 to 3 days to process</li> <li>• 44 (22%) invoices took more than four days to process</li> <li>• Almost 50% of invoices are initially received via email</li> <li>• 100% of emailed invoices are printed at least once in phase one</li> <li>• 34 invoices were missing an authorized signature</li> <li>• 31 invoice were missing a general ledger code</li> <li>• 22 invoices were missing the tax &amp; total breakout</li> <li>• 2 missing the verification of hours</li> <li>• Of the 44 invoices that took longer than 4 days to process, 90% of those contained processing errors such as missing general ledger coding and purchase authorization signatures</li> </ul>	
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**Project Aim** – The Accounts Payable Lean team project goal is to process invoices in less than five business days with less than 3% of processing errors

## Implementation Plan

	<b>PDSA – Brief Description</b>	<b>Implementation Date</b>
1	An invoice that only requires <u>one</u> general ledger does not require a stamp and a tax/total breakout. New method is to document the general ledger and authorized signature right beside each other. Trial site PDGH, Carman and EMS. Create memo explaining the reason for the testing and step by step procedures of the new process along with pictures for reference. This is to be sent out to the site location managers and their administrative clerks.	February 1, 2018
2	Remove all batching. Send directly to AP Southport without batch headers.	February 1, 2018
3	Manager procedures and templates. Identify program GLs, simplify a standardized template for FAs to generate for their programs/sites/managers general ledgers. Danielle to update SHSS Finance 101 Guide on HPS.	February 1, 2018
4	Set-up site email addresses. AP EMS, AP PDGH, AP Carman. Jory to contact Armando for set up. Email to start with AP.	February 1, 2018

**Project Outcomes** – Invoices processed in less than 1 business day are now at 46% compared to only 11%

- All of the invoices tested after the changes were implemented were processed under our aim statement of 5 business days
- Invoices went from just under a 30% processing error rate to under 2%
- Invoices that took longer than 4 days to process because of a missing signature or general ledger code went from 44 invoices to only 1

In Southern Health – Santé Sud there are about 30 acute and long term care facilities, multiple regional offices, community and medical departments that will significantly benefit with these changes.



- With the new process, between the department manager and site clerk, an estimated combined time saved is one minute per invoice. That is equivalent to a time savings of 72 administrative hours for PDGH per year. 24 administrative hours saved for EMS yearly and 36 administrative hours saved yearly for CMH
- All invoices are processed in less than five business days whereas previously invoices being processed would stretch out to 12 business days. This resulted in lost early discounts offered by our vendors and even late payment penalties
- Resolved major frustrations and hindrances to managers and site clerks by removing replicated steps and eliminating processes that added no value

**Then AP Lean team project goal is to process invoices in less than five business days with less than 3% of processing errors**

**SUCCESS!**

Savings Summary		
Cost Savings	<b>\$3,450 cost saving in wages and paper costs</b>	With the new process, between the department manager and site clerk, an estimated combined time saved is one minute per invoice. That equals to a time savings of 6 administrative hours for PDGH, 2 administrative hours for EMS and 3 administrative hours for CMH every month. This works out to \$3300 in saved wages annually for these three locations. By reducing the amount of paper we are consuming by 15,000 pages of paper every year, we are saving an average of \$150.00 annually.
Cycle Time	<b>All invoices are processed in less than 5 days. A seven business day improvement.</b>	All invoices are processed in less than five business days whereas previously invoices being processed would stretch out to 12 business days. An improvement of 7 business days. This resulted in lost early discounts offered by our vendors and even late payment penalties
Other	<ul style="list-style-type: none"> <li>• Simple fixes removed major frustrations and hindrances. By implementing a general accounts payable email address for each site resulted in the elimination of invoice duplication and adds as an assurance that invoices will be processed when staff are away from the office</li> <li>• Removing the batching at the site level was beneficial in that it alleviated time and effort from the site clerk though we identified that it only moved the process to the staff in the Southport office. Currently batching adds a control that we cannot remove until we are entirely prepared in the Southport AP department. The Southport AP department requires to develop a method on how to receive thousands of invoices unbatched. We are going to revisit this option when we test phase two in the AP Lean project.</li> <li>• Many processed invoices were unintentionally 5s'd. Removing the stamping and tax/total breakout resulted in cleaner invoices with less additional unnecessary information and less confusion</li> <li>• Environmental Impact – By reducing the amount of paper we are consuming by 15,000 pages of paper every year, we are leaving a smaller carbon footprint on our earth</li> </ul>	

### Controls Utilized –

Control	Action
Fundamental Change	Removing the stamping and tax/total breakout on invoices
Fundamental Change & Training	Adding electronic signatures to invoices
Standard Work and Error Proofing	Using pre-generated labels with reoccurring general ledgers on them
Training & policies and procedures	Develop guidelines and procedures on how to code and authorize with examples for all managers and departments
Standard Work and Fundamental Change	Developing a new batch header and improving guidelines
Fundamental change and Standard Work	General accounts payable email address for sites
Audit Control	Continuous testing to be sure improvements are fully implemented

### Spread Plan –

Changes to be Implemented
Develop and WebEx training session for all staff on how to set up electronic signatures and general ledger stamps using Adobe Reader
For departments/managers without access to Adobe, develop procedures and easy to use general ledger label templates for invoices
Identify other sites throughout our Southern Health – Santé Sud region who want and would benefit with a general accounts payable email address
Develop improved and simplified training guides, standard forms and templates on our Southern Health Santé Sud portal for easy access to all employees that are involved in the Accounts Payable process. Provide examples.
Remove the stamping and tax/total breakout on invoices
Develop a new batch header and improve batch guidelines