



Southern Health – Santé Sud Six Sigma Report Out Presentation

Accounts Payable Lean

Regional Presentation

May 18, 2018

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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.

Affinity Diagram

#1 – Timelines/processing times

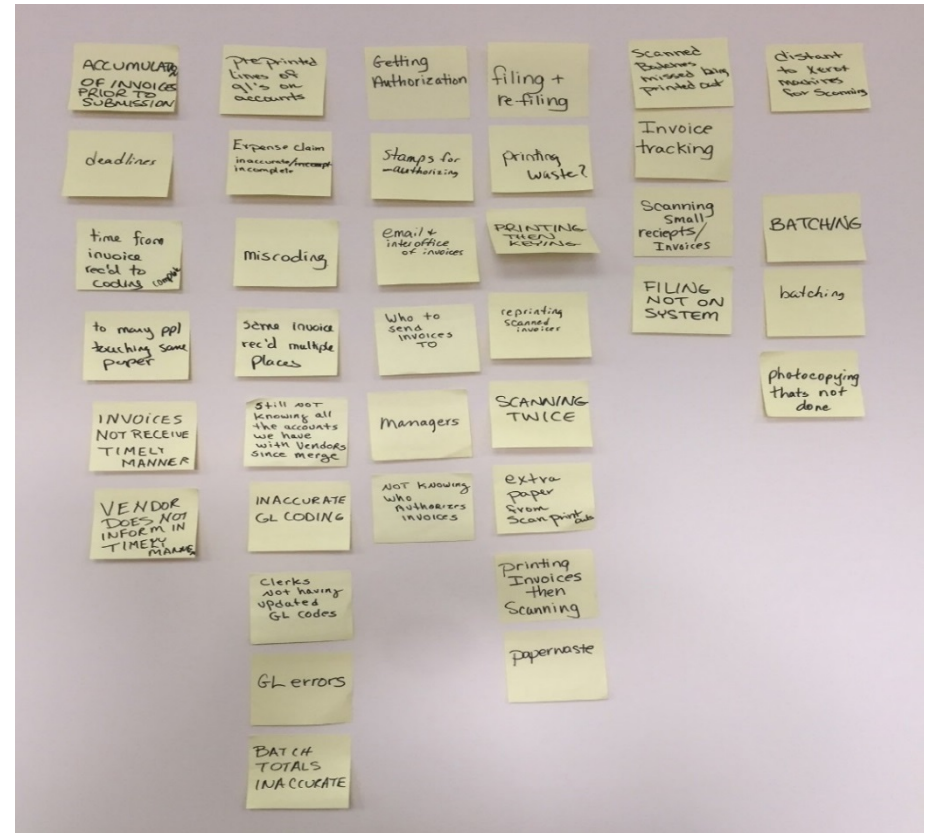
#2 – Miscoding general ledgers

#3 – Unclear who, where and what invoice to send to who and where

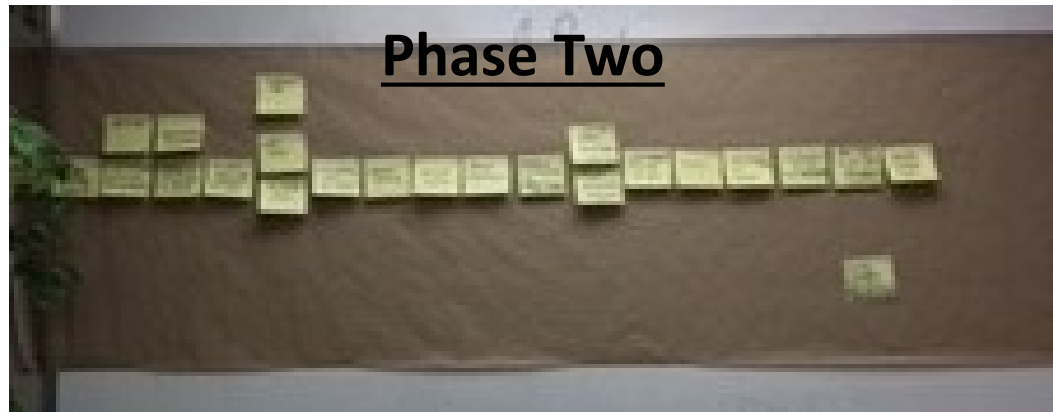
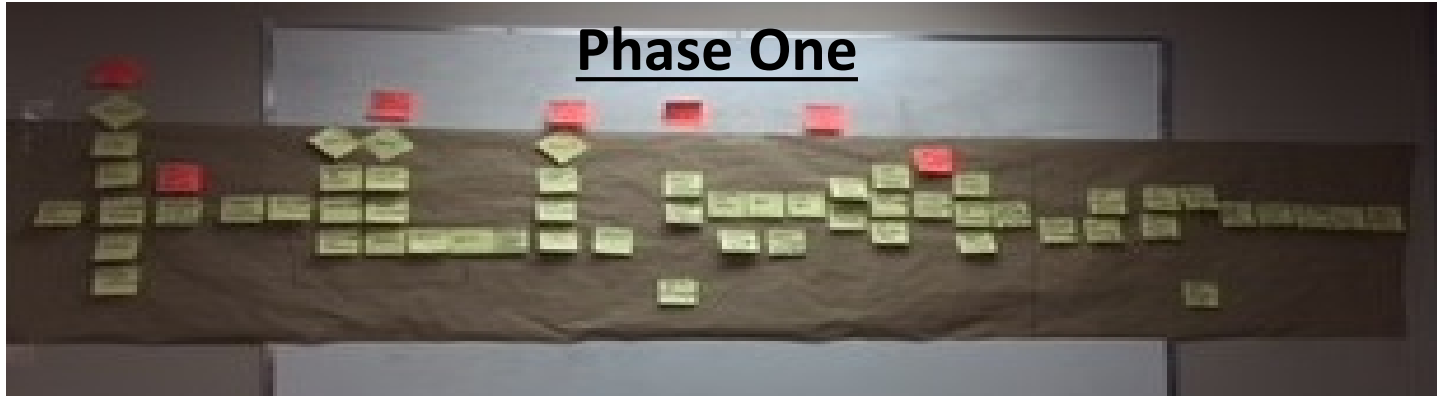
#4 – Unnecessary duplication in recording, printing, scanning and filing

#5 – Printing and scanning problems

#6 – Batching frustrations



Process Mapping





Invoice

Casterland Winnipeg
 875 Century St
 Winnipeg MB R3H0M6
 Tel: (204) 793-5500
 Fax: (204) 793-5977
 Tax ID # 100840404

Date: 21/61/2018
 Invoice #: MNZ7416
 Terms: Net 30
 PO #: 135243
 Ship Via: Customers Carrier
 Ship Date: 21/61/2018
 Tracking #:
 Rep:
 Rep Email:
 Created From:
 Inet:
 Inet Email:
 Sales Order #

21/61/2018
 MNZ7416
 Net 30
 135243
 Customers Carrier
 21/61/2018
 Inet
 Inet Email:
 Sales Order #

Bill To: Portage District General Hospital 524 Fifth Street S.E. Portage la Prairie MB R1N 3A8 Canada	Ship To: Portage District General Hospital 524 Fifth Street S.E. Portage la Prairie MB R1N 3A8 Canada PH: (204) 239-6039
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Item	Quantity	Units	Description	Unit Price	Amount
OCTVADFLFR716X1	12	EA	SOMM SWMEL716X 1 STEM TWIN WHEEL SWMEL CASTER, PLASTIC WHEEL, 75 LB CAPACITY	1.13	14.16
Tax Code Summary				Tax Rate	Total Tax
PST_MB_B				8.0%	\$1.13
GST5				5.0%	\$0.71

Code	Quantity	Unit Price	Amount	Total
III-1-7065-43500	14.16	1.13	16.00	16.00

CL: E:1 MARCA 5/18 BY: [Signature]

III-1-1 # S-14-5240	Subtotal	14.16
	Shipping Cost (Customer's Carrier)	0.00
	PST	0.71
	PST	1.13
	Total	\$16.00

Please refer to C or Merch Conditions of Sale, Terms, Returns and Warranty for full application of the above information or go to www.casterland.com

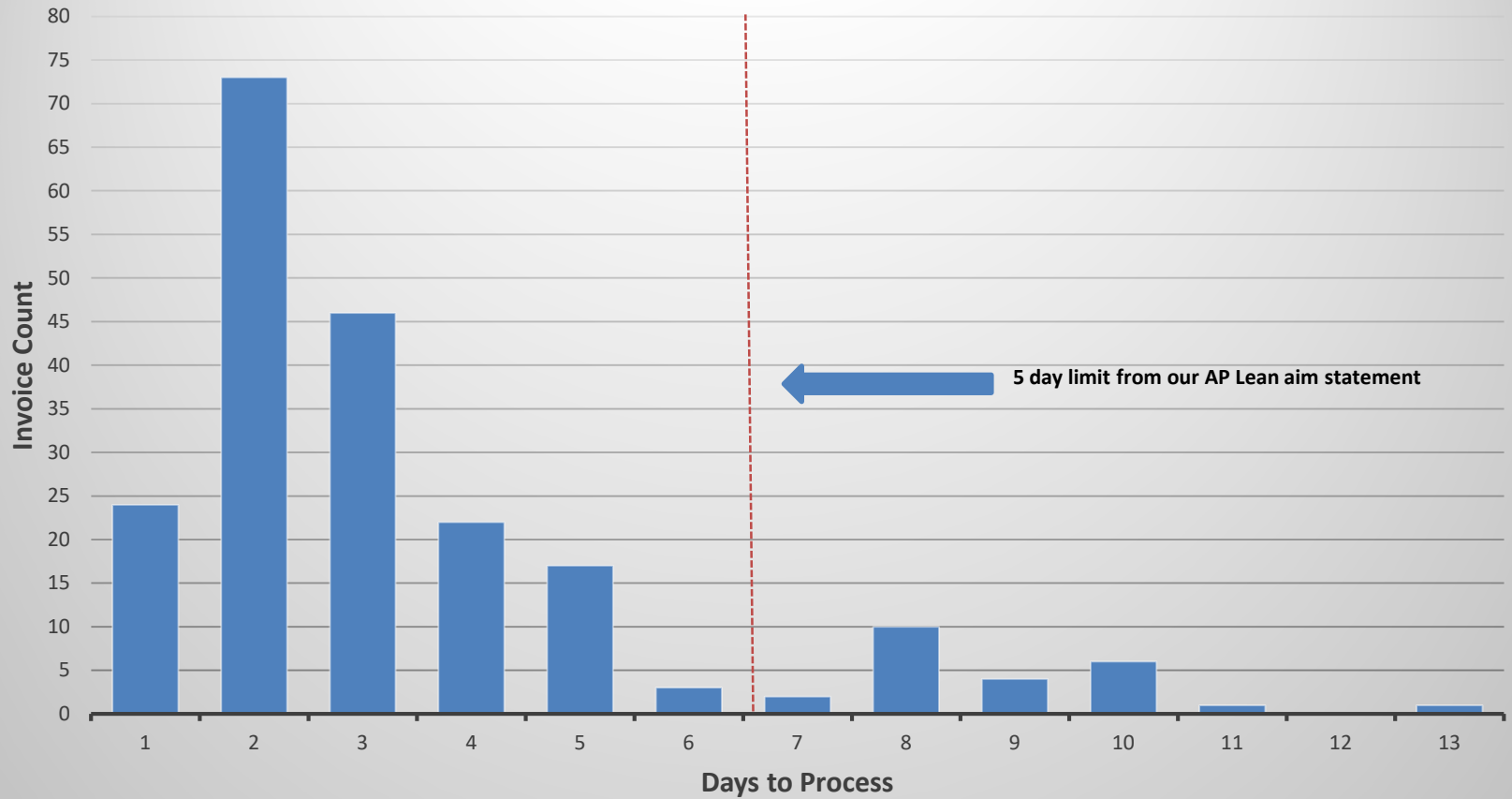


Accounts Payable Lean Team Measurements

Between November 27th and December 22nd, 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:

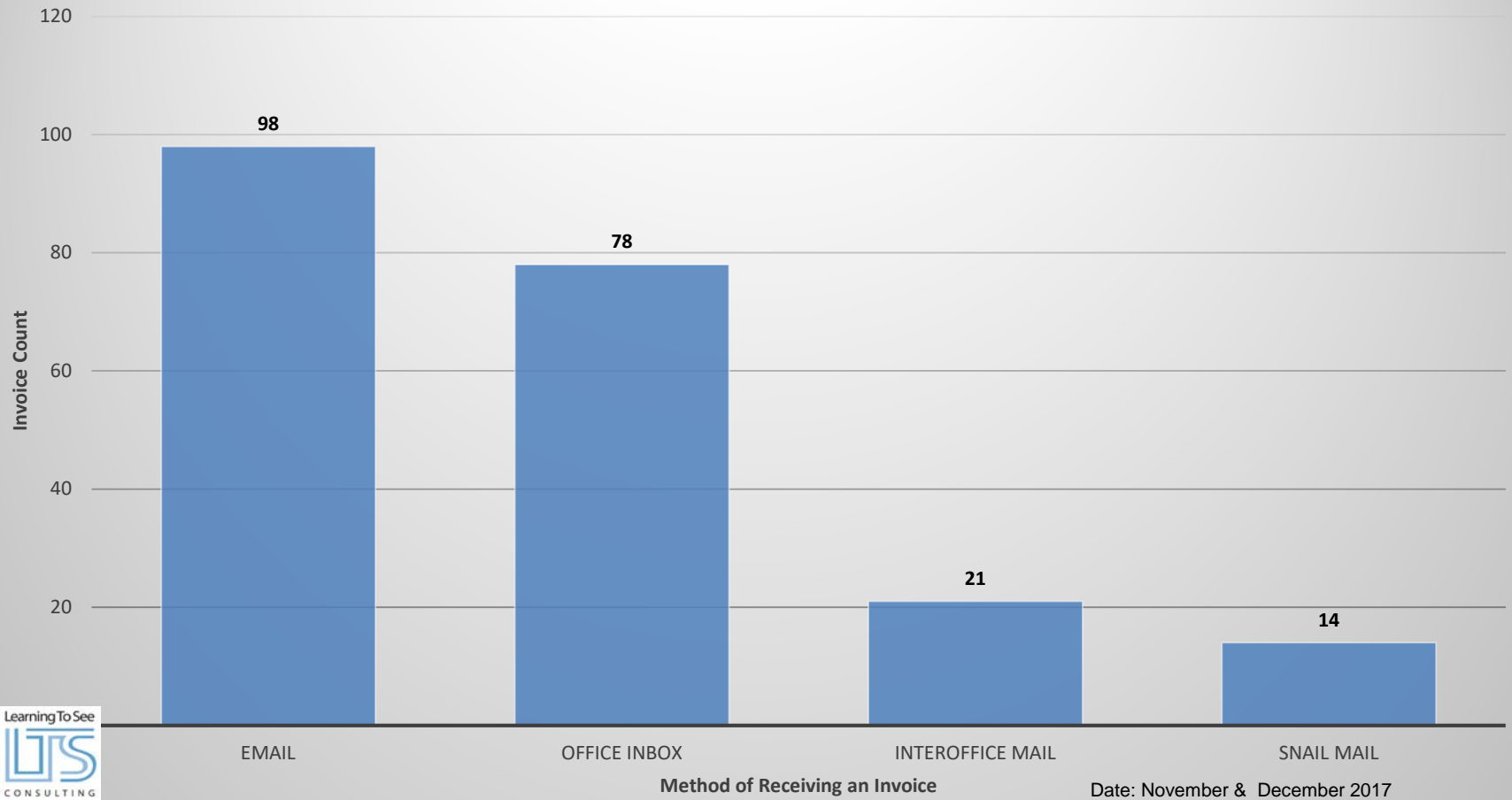
- The time from receiving and invoice to sending that invoice to the Southport AP department
- How the site clerks received the invoices
- Counts of how many times one invoice was printed
- A count of processing errors on each invoice
- The length of time required to have a processing error corrected

Days to Process an Invoice

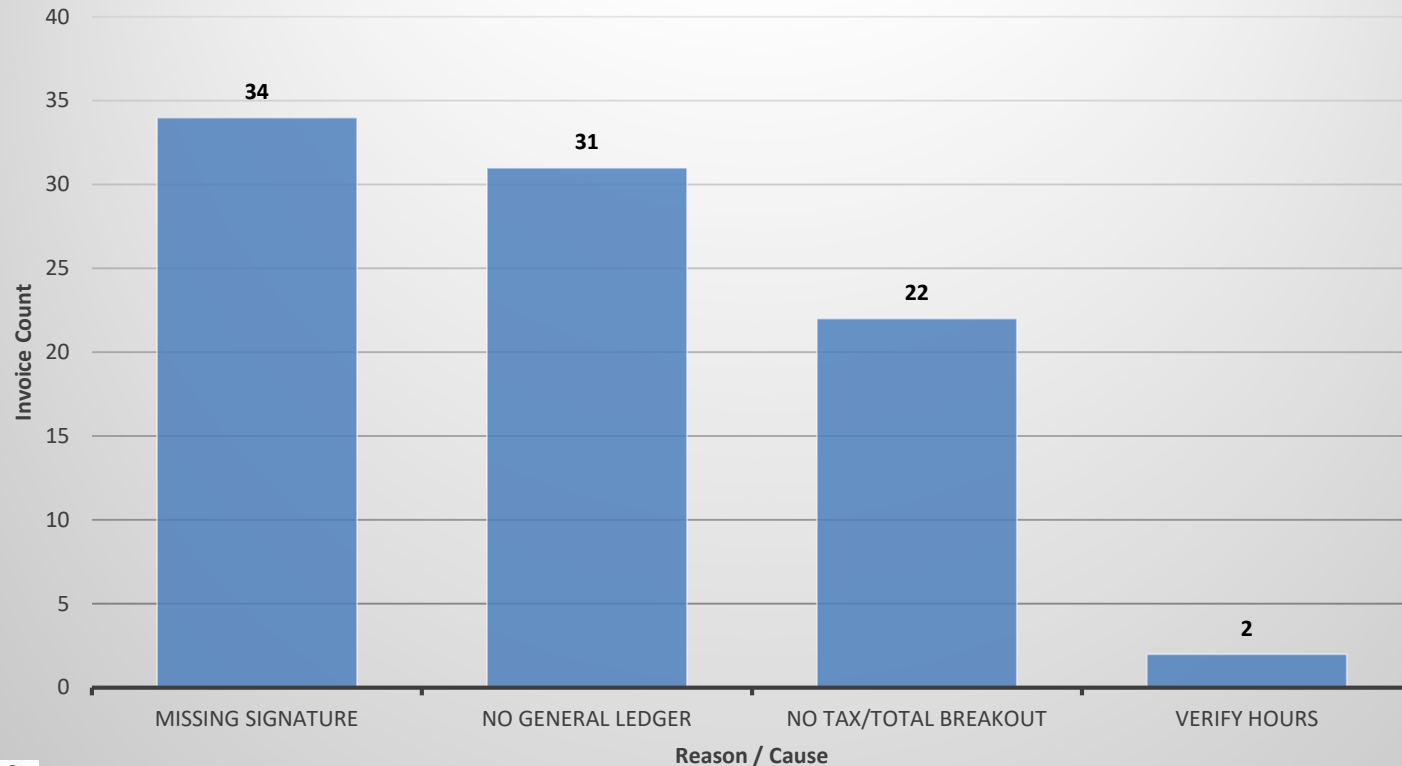


Date: November & December 2017

Pareto Chart for: Methods of Receiving an Invoice

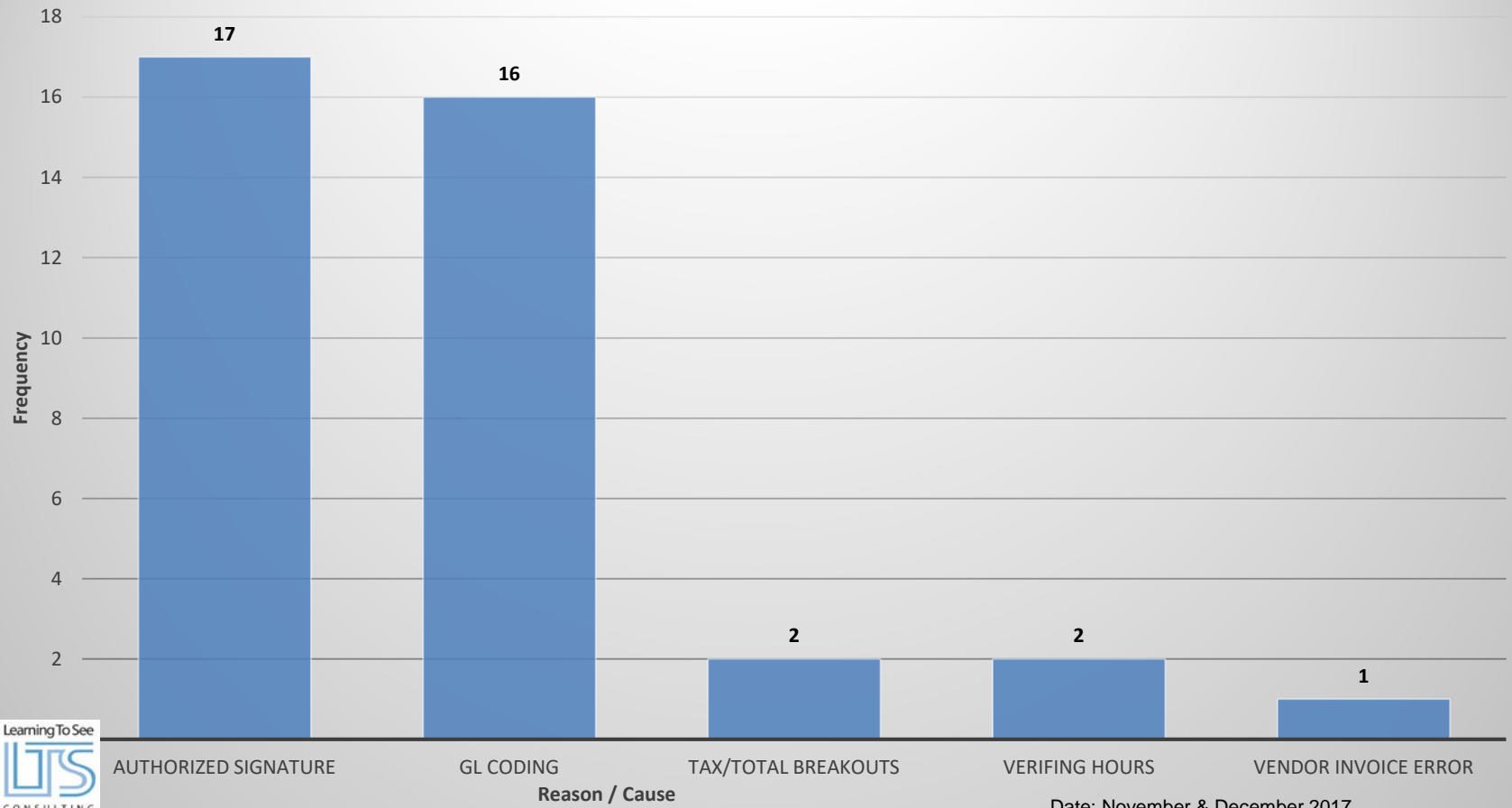


Pareto Chart for: Processing Defects



Date: November & December 2017

Pareto Chart for: Processing Errors that resulted in >4 day to Submit



Date: November & December 2017

Measurement Team Feedback and Notes

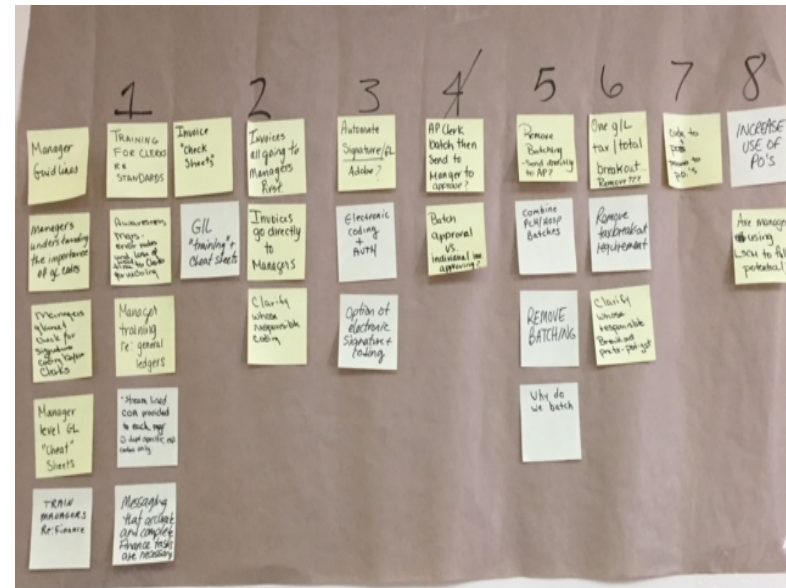
- Invoices are sent to multiple people and/or departments. Example – Some vendors email invoices to Southport AP and send another invoice to the site. This can then requires additional tracking and verification of that invoice both at the site and Southport.
- Printing invoices multiple times to sign and code is a resource waste
- Managers voiced opinions that they don't see the value in signing invoices under \$100
- Site clerks have no way to verify which invoices are paid on a vendor statement
- Batching is time consuming – alphabetizing, adding all the invoice totals on adding matching tape and attaching to batch header

Accounts Payable Lean Team PACE Decision

A PACE matrix helped our AP Lean team prioritize our ideas and solutions. Each member of our team wrote down multiple ideas on Post-it notes then we collectively grouped them by similar concepts.

We grouped them in 8 different categories as below:

- #1 – Manager training
- #2 – Centralize where invoices are primarily being sent
- #3 – Implement electronic signature and general ledgers
- #4 – Approve batches and not individual invoices
- #5 – Remove batching
- #6 – No stamping and no tax/total breakout required
- #7 – Code to purchase orders (PO)
- #8 - Increase the use of PO's and use Logistic Supply Chain Management (LSCM) to its full potential



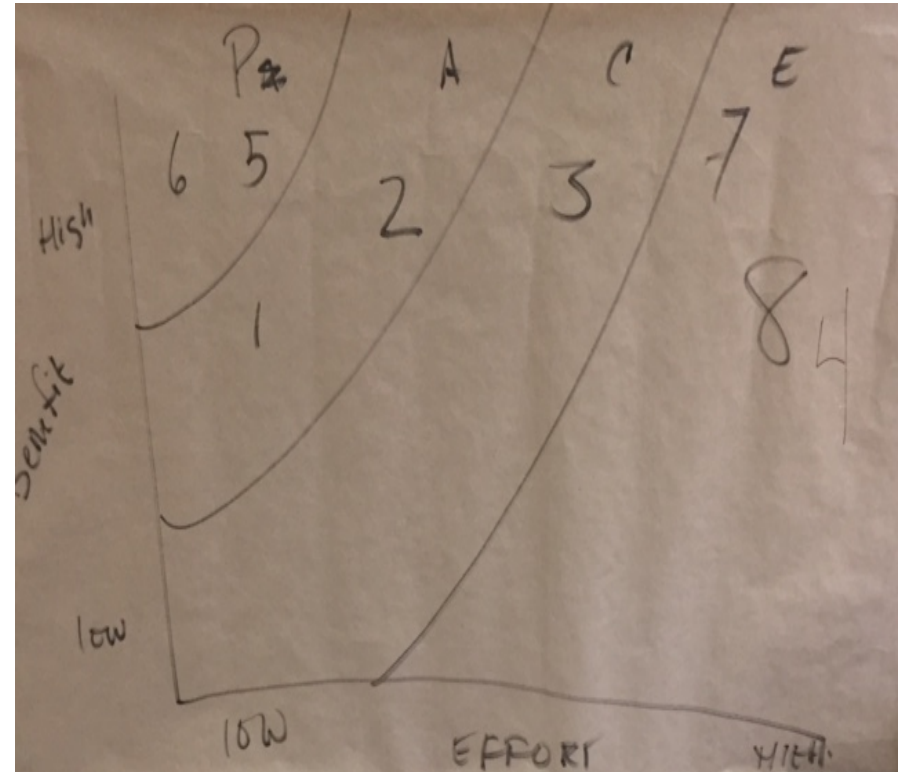
Accounts Payable Lean Team PACE Decision

Applying our numerical groups to the PACE matrix as shown, we identified which of our ideas contained the most benefits with the lowest effort.

Groups 5 & 6 had the most bang for our buck and were placed in the P section for priority. Both 5 & 6 were high in benefit and low effort to implement. With removing batching and removing the stamping/tax/total breakout on invoices, we could easily simplify the process, save time and reduce error opportunities.

Groups 1 & 2 were situated in the A section for action. Groups 1 & 2 were manager training and email centralization.

Group 3, electronic signatures and general ledgers were placed in C for consider, while **groups 4, 7 & 8**, relating to the use of PO's and approving batches were placed in E for eliminate.



Accounts Payable Lean Team Aim Statement

The Accounts Payable Lean team project goal is to process invoices in less than five business days with less than 3% of processing errors

Accounts Payable Lean PDSA

Plan - Describe what the new process will look like?

Invoices will be sent to a facility/program/AP centralized email addresses. The site clerk can then electronically forward an invoice to the appropriate manager who will then electronically authorize and code using Adobe and a “Manager Guide” provided by their Financial Analyst. If they do not have access to Adobe they can order labels stock piled from LSCM and use the provided template to fill and print. Managers can then forward this approved and authorized invoice back to the site clerk via email who then can forward a daily grouping of invoices from various site managers directly to Southport AP, unbatched. Managers will only be required to provide tax/total breakout for invoices having more than one GL code.

Accounts Payable Lean PDSA

Do – What are all the activities that have to take place to test this change?

- Remove the invoice stamping and tax/total breakout. An invoice that only requires one general ledger does not require a stamp and a tax/total breakout.
- Remove batching. Send directly to AP Southport - Time it takes to batch each invoice - for one week and remit results. Submit to AP without batch headers.
- Provide managers with clear procedures and general ledgers for their departments. Re-establish the significance of how correct general ledger coding effects their departments budget. Reinforce the importance of authorizing an invoice.
- Set-up site accounts payable email addresses for Portage Hospital, Carman Hospital and EMS
- Electronic signatures and GL codes.
- Prefabbed general ledger codes on labels

Accounts Payable Lean PDSA

Study – What are the post measures? What were the outcomes of the changes made?

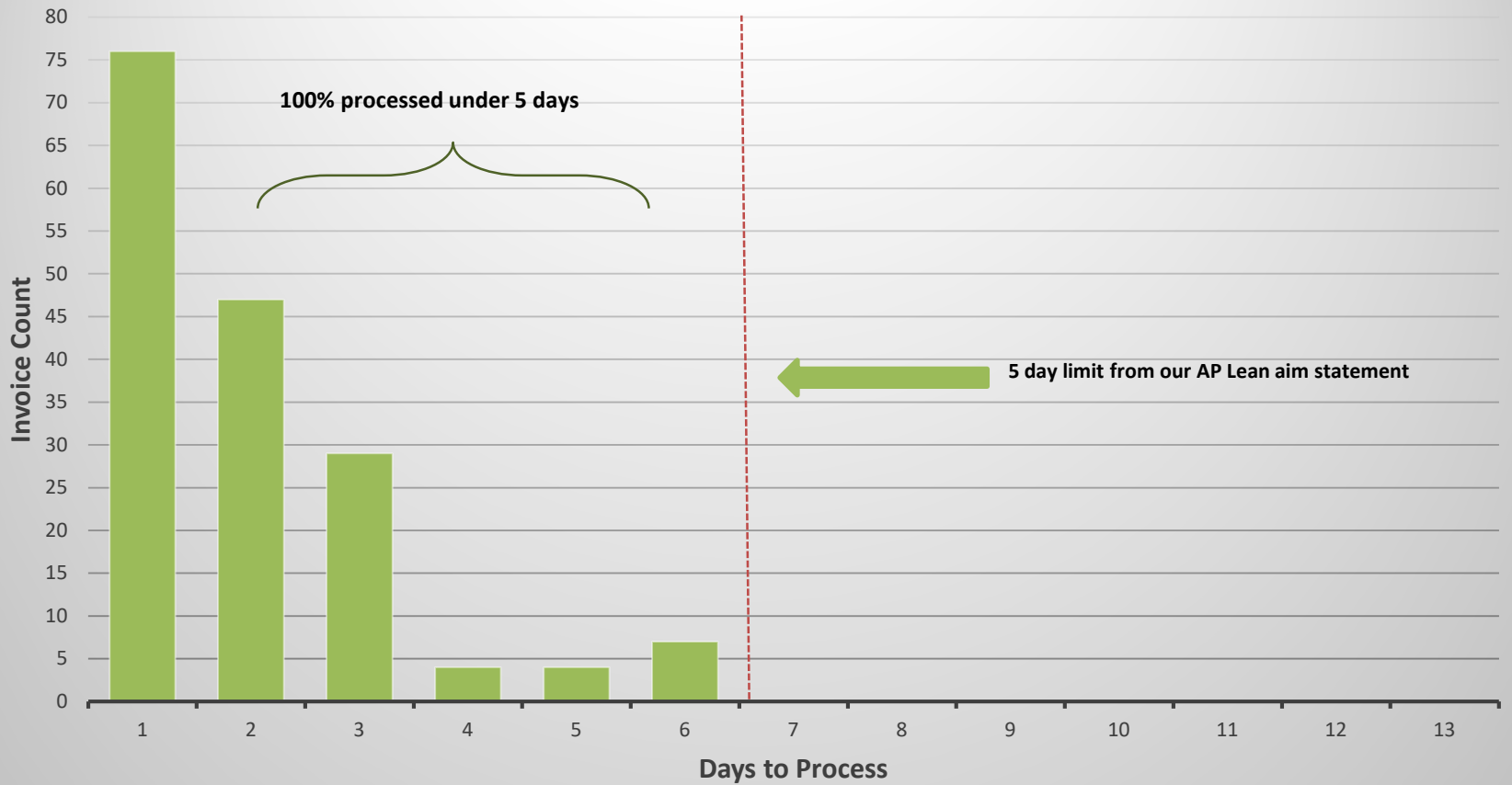
- Time from initial receiving an invoice from a supplier to sending that processed invoice to the Southport accounts payable department
- How many invoices contained processing errors and what type of errors
- Length of time it took to correct an invoice processing error then to reprocess it

Accounts Payable Lean PDSA

Act – What actions are next?

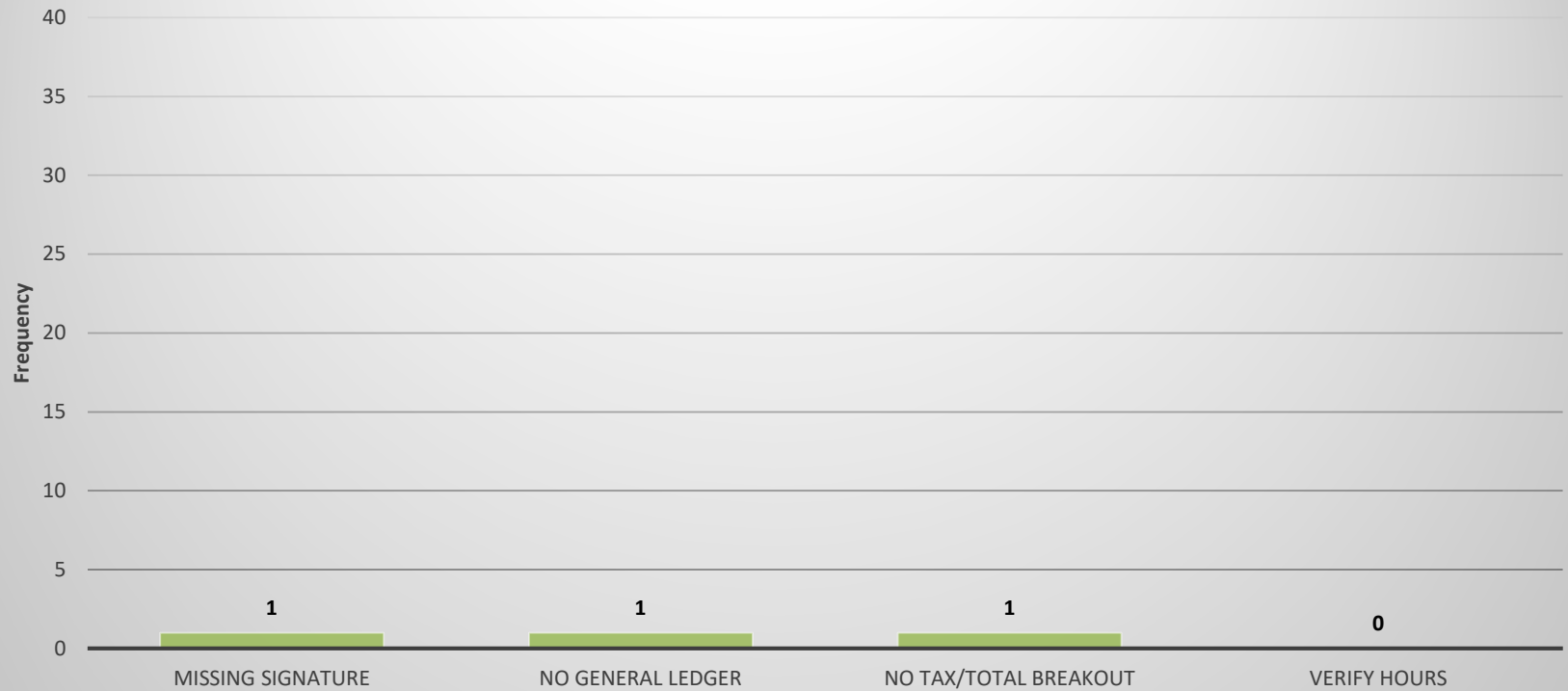
- New central accounts payable email addresses for PDGH, CMH and EMS
- Remove SHSS invoice stamp for invoices that only require one GL
- Implement the use of electronic signatures and GL coding
- Implement the use of pre-set GL labels (departments without Adobe)
- Simplify a standardized template for FAs to generate for their programs/sites/managers general ledgers.
- Implement new batch header and batching guidelines
- Provide training to all managers and site clerks regarding the new changes before implementation date

Days to Process an Invoice



Date: March 2018

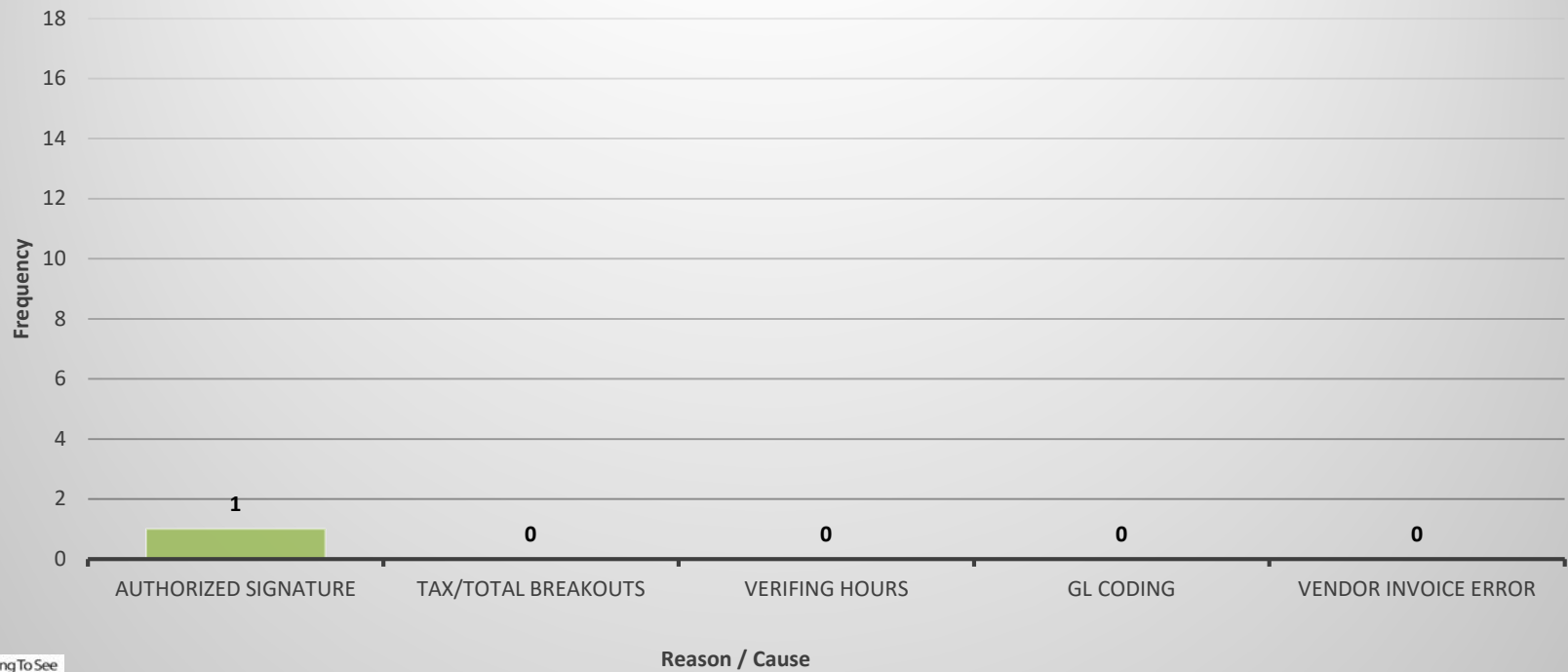
Pareto Chart for: Processing Defects After Changes



Reason / Cause

Date: February 2018

Pareto Chart for: Processing Errors that resulted in >4 days to Submit



Date: February 2018

Accounts Payable Lean Team Aim Statement

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

SUCCESS!

Improvements Achieved

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

Feedback

- Scott and I both LOVED the no stamp, no batching. It was great and super efficient for both of us - Jolyne Bibault – EMS department
- An electronic stamp and electronic signature would be great! - Jolyne Bibault – EMS department
- It would be nice to have just one place that emails go. The many avenues of receiving seems to cause overlaps and confusion. -Debbie Penner, Site Clerk
- Thank you for reviewing, updating and improving the site accounts payable process. It hasn't been looked at in over 20 years – Lorraine Hawkins
- The general feedback from managers were that they all really appreciated the removal of stamping and tax/total breakout on the invoices. It simplifies the process and makes it much faster.

Controls for our Account Payable Lean Project

Fundamental Change	<ul style="list-style-type: none"> • Removing the stamping and tax/total breakout on invoices • Adding electronic signatures to invoices • Developing a new batch header and improving guidelines • General accounts payable email address for sites
Error Proofing	<ul style="list-style-type: none"> • Using pre-generated labels with reoccurring general ledgers on them
Visual Control	
Standard Work	<ul style="list-style-type: none"> • Using pre-generated labels with reoccurring general ledgers on them • Developing a new batch header and improve batch guidelines • General accounts payable email address for sites
Training	<ul style="list-style-type: none"> • Adding electronic signatures to invoices • Develop guidelines and procedures on how to code and authorize with examples for all managers and departments
Continue to Measure	<ul style="list-style-type: none"> • Continuous testing to be sure improvements are fully implemented
Audit	<ul style="list-style-type: none"> • Continuous testing to be sure improvements are fully implemented
Checklist	
Policy & Procedure	<ul style="list-style-type: none"> • Develop guidelines and procedures on how to code and authorize with examples for all managers and departments
Written Sign	

Lessons Learned

- **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
- **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.
- **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

Going Forward with Accounts Payable Lean

- Develop and WebEx training session for all staff on how to set up electronic signatures and general ledger stamp using Adobe
- 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 simple 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

The Accounts Payable Lean Team!

- **Jory Janzen** – Accounts Payable Supervisor - Yellow Belt (Trainee)
- **Ainsley Wiebe** - Decision Support Analyst (Green Belt)
- **Kristy Radke** - Director of Support Services
- **Danielle Dupuis** - Regional Manager - Corporate Financial Services
- **Debbie Penner** – Accounts Payable Site Clerk for Carman Memorial Hospital
- **Maxine Lilley** – Accounts Payable Site Clerk For Portage District General Hospital
- **Wanda Enns** – Accounts Payable Clerk for Southport Regional Office
- **Ingrid Sokolosky**– Accounts Payable Clerk Southport Regional Office
- **Lorraine Hawkins** – Junior Accountant
- **Pam Durand** – Junior Accountant