



OSS Denied Vouchers

Green Belt Six Sigma Project Report Out

Valentine Nnachetam

Ohio Shared Services

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OSS Denied Voucher - Green Belt Team

□ Team Members and Roles

□ Valentine Nnchetam

- Manage and lead the Project Team
- Monitor project progress and performance
- Assist in data analysis
- Assist in preparing the reference guides for OSS and agency
- Assist in preparing the action plan and recommendations

□ Yvonne Gore, John Yoho, Maurice Bryant, Lawanda Street and Loretta Oliver

- Provide documentation and analysis of current and future process/system
- Provide identification and mapping of information needs
- Assist in preparing the reference guide for OSS and agency

OSS Denied Voucher - Green Belt Team

□ Team Members and Role

□ Jessica Gravely, Diane Hare and OSU Students

- Provide documentation and analysis of the current and future process/systems
- Provide identification and mapping of the information need
- Provide data analysis
- Assist in preparing the reference guide for OSS and the agency
- Assist in the preparing the action plan and recommendations



Background – Problem Statement

❑ **Problem/Opportunity Statement:**

- Currently 8.9% (OSS Goal 5%) of OSS created vouchers are denied by our agency partners, which results in dissatisfaction, delayed vendor payments, unclear expectations, and additional time needed to make voucher corrections.

Background

□ Scope:

- **FIRST STEP:** OSS receives invoices either directly from vendors or from an agency with a PPF (Pre-Processing Form)
- **LAST STEP:** Agency approves or denies the voucher in OAKS

Categories of Errors for Denied Vouchers

In-Scope (Top 3 Errors)

- Origin Code
- PO Issue
- Invoice Amount

Out-of-Scope

- Chartfield
- Delete Voucher
- Remit to Address
- Invalid Invoice
- Other
- Invoice Number
- Duplicate Voucher
- Payment Message
- Receipts Issue
- Invoice P-card Paid
- Invoice-Item not Received
- Pay Terms
- Invoice Date
- SpeedChart
- Last Receipt Date
- Invoice-Agency Processing
- Invoice-Credit Not Applied
- Received/Work Not Complete

Project Goals

□ Goal Statement

- Reduce the defect rate from 8.9% to < 5%

□ Project Benefits:

- Increase quality ratings
- Reduced production cycle times
- Reduced cost to agency partners
- Increased agency partner satisfaction/relationship
- Sustained agency partners' utilization at 90% or more
- Minimized waste within the accounts payable process

Project Goals

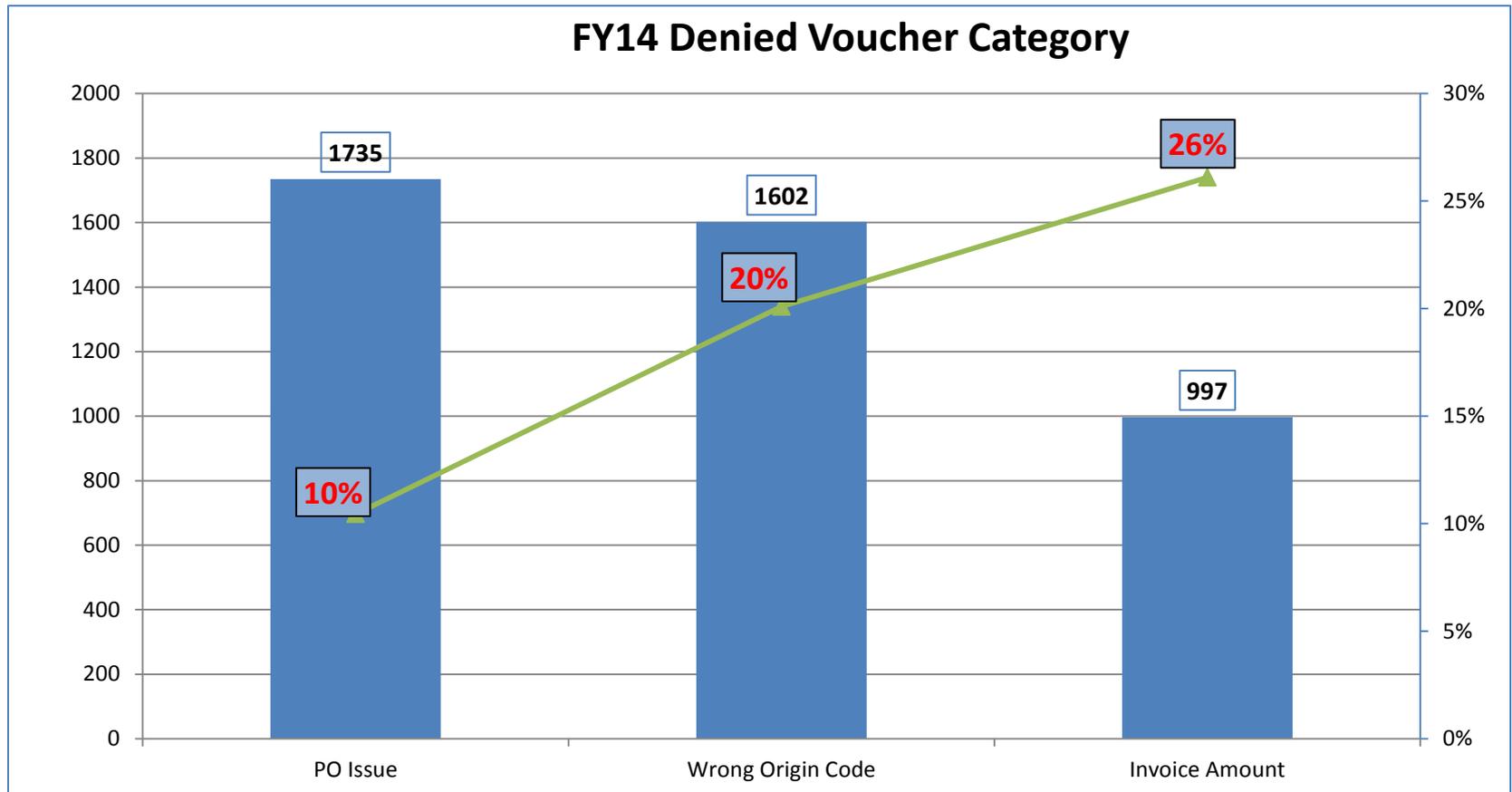
☐ Leveraging Opportunities

- People
 - ☐ Training Opportunity
 - ☐ Right People on the Job
 - ☐ Developing Agency Partner Relationship
- Process
 - ☐ Process Standardization
 - ☐ Continuous Improvement
- Technology
 - ☐ Proficiency with Current Technology
 - ☐ Sufficient Technology (OAKS)

Baseline Data

- Denied vouchers have been tracked at OSS since April 2012.
- Approximately 1,400 vouchers are denied monthly; which equates to 8.9% of the total volume of invoices received at OSS for FY14.
- The top three categories for denied vouchers are:
 - PO issue
 - Wrong Origin Code
 - Invoice Amount

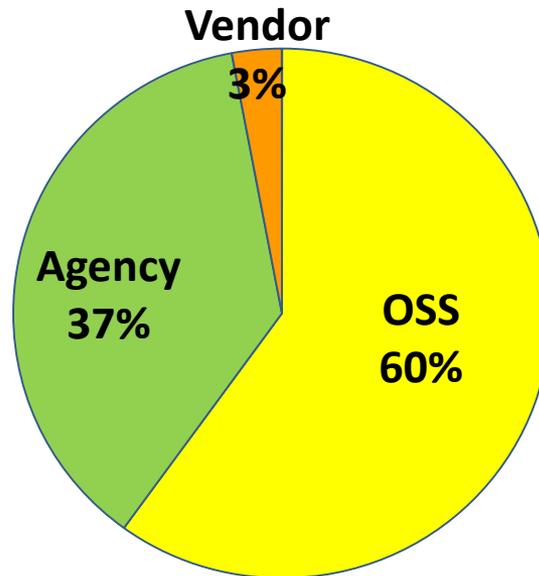
Baseline Data



Baseline Data

❑ Denied Vouchers:

Historical analysis attributes denied voucher error by the following source categories.



From July 2014 – September 2014

Data Collection Plan

- Data sample included all denied vouchers received between July 1, 2014 to September 30, 2014
- 4580 total denied vouchers during this period
- Randomly selected 10% of the total denied vouchers as the working data set (458 denied vouchers)

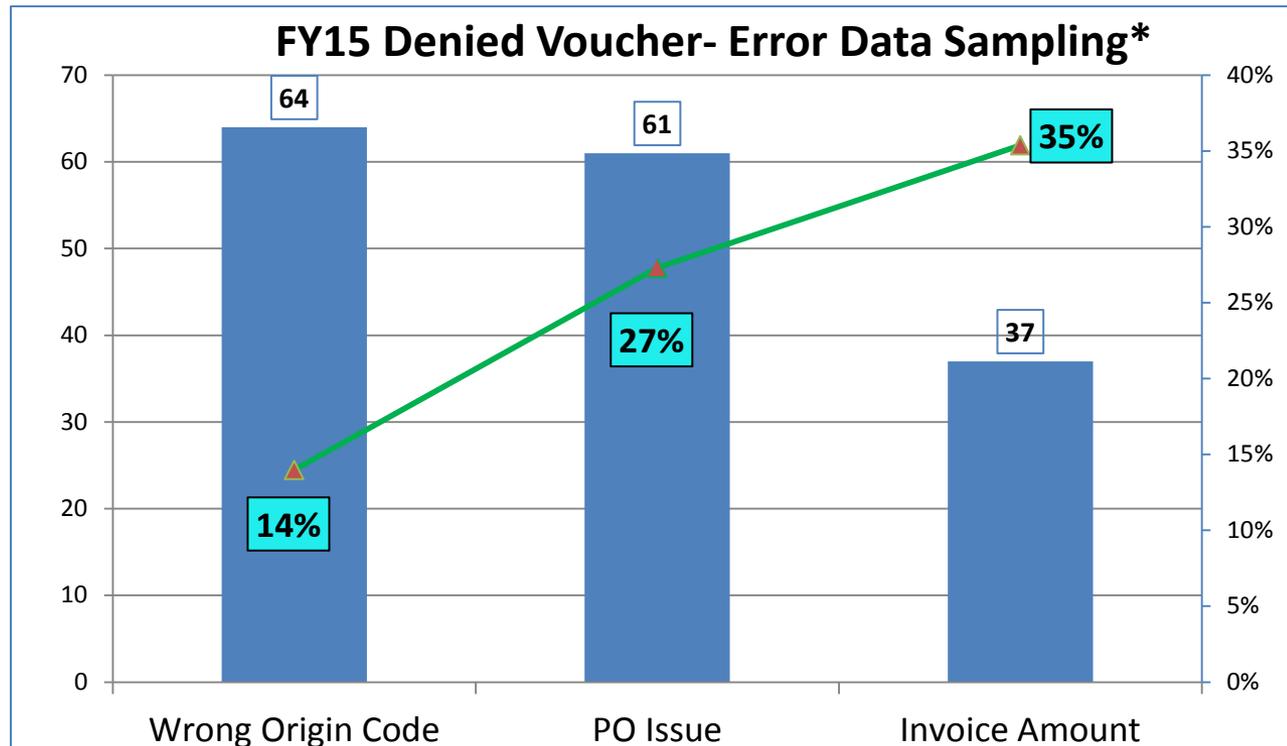
Data Analysis

Error Source	Number of Errors	Percentage
Agency	167	36%
OSS	158	34%
Vendor	64	14%
N/A	42	9%
Multiple Source (Combined)	27	6%
Total	458	100%

Data Analysis

❑ Denied Voucher Category:

- Origin Code – 14%
- PO Issue – 13%
- Invoice Amount – 8%



*Data sampling above highlights in scope error categories.

Brainstorming

Denied Voucher Categories – Agency Reasons

AGENCY FEEDBACK		
ORIGIN CODE	INVOICE AMOUNT	PO ISSUE
<ul style="list-style-type: none"> • OSS not reviewing invoice • OSS not using conversion chart (internals vs. OSS) • Wrong origin on invoice • Data entry error 	<ul style="list-style-type: none"> • Invoice amount not legible • Removing sales tax • Transposed #s/ data entry error • Credit not applied • Late fees <ul style="list-style-type: none"> - Included on non-utilities - Not included for utilities • Current amount unpaid for current month • Can only pay current amount • Shipping/freight charges added, OSS policy to pay charges, agency denies back after review • Contract patch does not match • Wrong item shipped • Contract items mixed w/ non-contract items • PPF dist. lines do not equal invoice total • Incorrect amount 	<ul style="list-style-type: none"> • Used incorrect PO • Used default coding when PO did not have sufficient funds • Insufficient funds on PO • Wrong amount distributed on voucher lines • PPF not used for PO line amounts • Wrong FY PO used during FY transition • Wrong PO line used • Closed PO • Inactive PO • PO quantity is not divisible by invoice amount (quantity based PO) • Zero out distribution line • Associate not reviewing PPF & invoice • Debit coding for amt. greater than PO

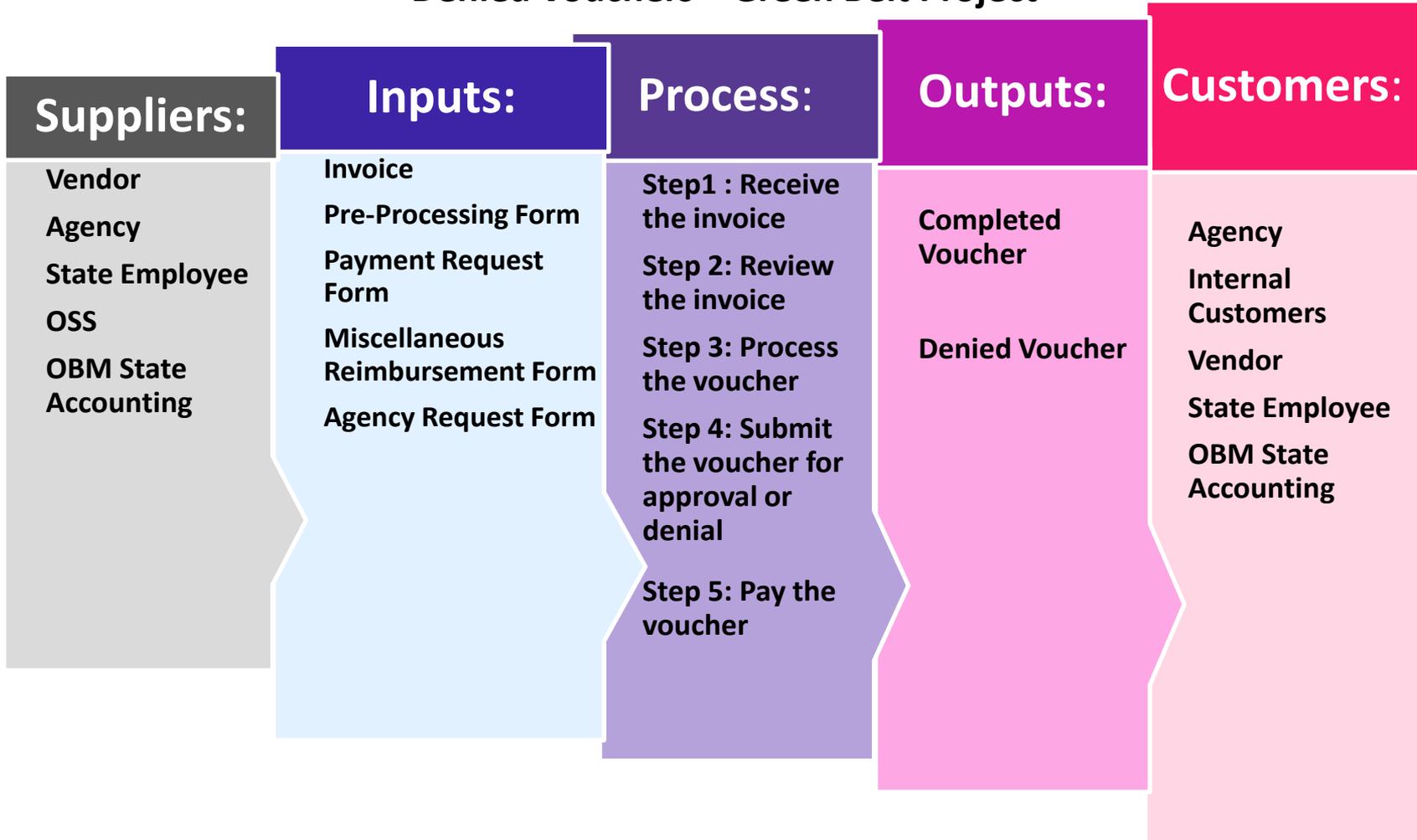
Brainstorming

Denied Voucher Categories – Agency Recommendations

DENIED VOUCHER AGENCY FEEDBACK		
ORIGIN CODE	INVOICE AMOUNT	PO ISSUE
<ul style="list-style-type: none"> • Read PPF & Invoice • Reach out to agency contact on PPF <ul style="list-style-type: none"> - Update PPF to include checkbox whether OSS can contact person on PPF or not. - Agency should only include contact info for authorized OSS contacts OSS • Agency to review comments 	<ul style="list-style-type: none"> • Review PPF & invoice • Agency to provide validation for past due amount • Agency to review comments • Reach out to agency contact on PPF <ul style="list-style-type: none"> - Update PPF to include checkbox whether OSS can contact person on PPF or not - Agency should only include contact info of individuals authorized to be contacted by OSS 	<ul style="list-style-type: none"> • OSS look at distribution on PO • Better alignment between PO line and invoice lines • Look up PO for ISTV by line distribution • Vendor not using correct PO • Vendor invoice with incomplete PO # (truncated) • Daily BI PO balance report (DAS) <ul style="list-style-type: none"> - To be shared with other agencies - Agency to review comments - Read PPF & invoice - Reach out to agency contact on PPF • Update PPF to include checkbox whether OSS can contact person on PPF or not • Agency should only include contact info of individuals authorized to be contacted by OSS

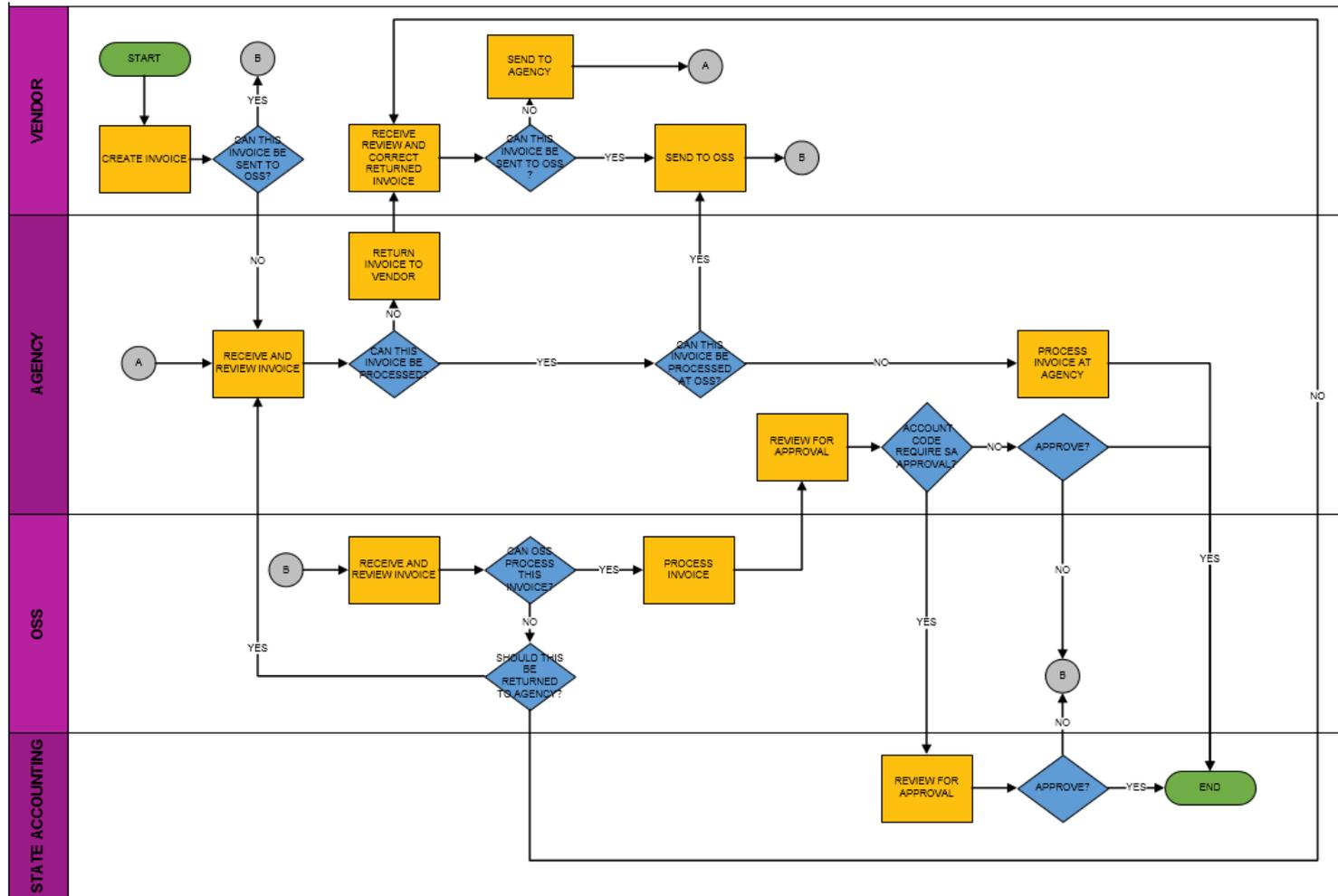
High Level Process - SIPOC

Denied Vouchers – Green Belt Project



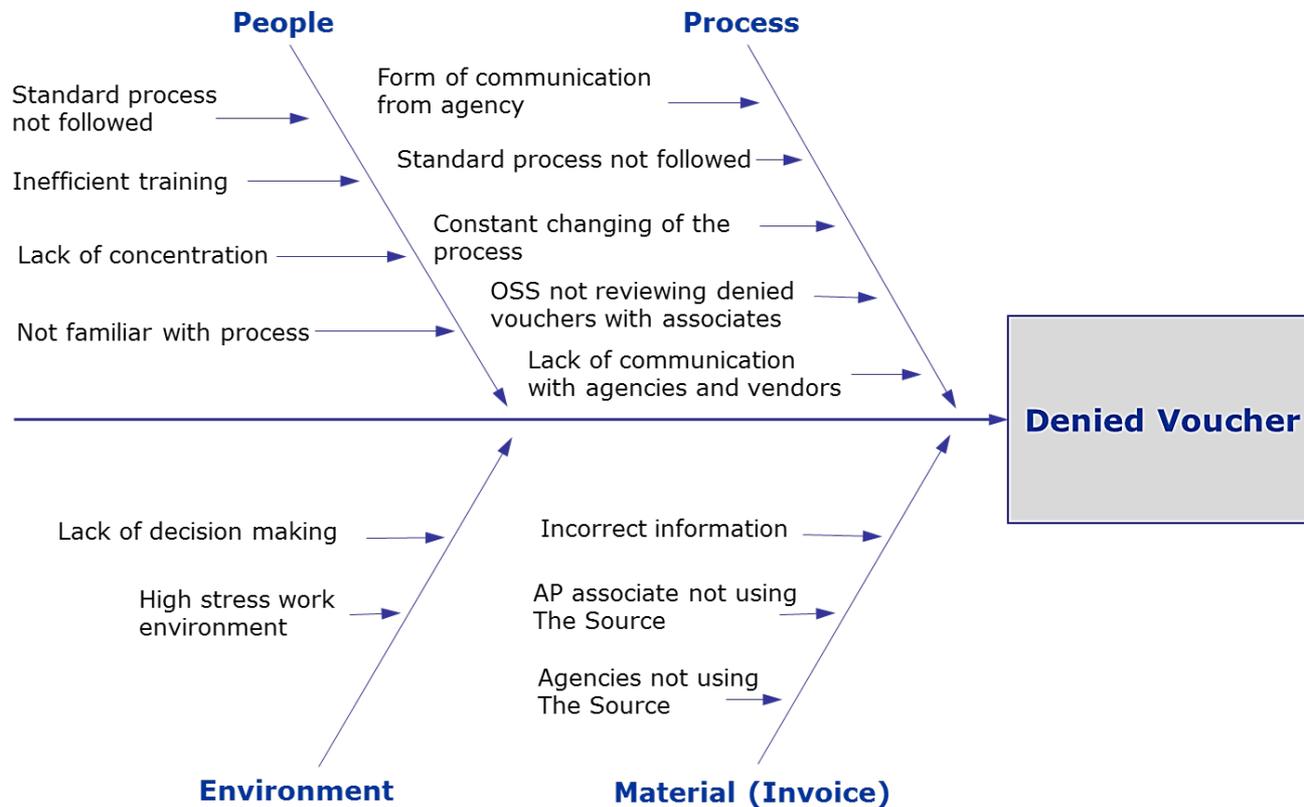
Process Map

AP Process Flow



Fishbone Diagram

Causes of Denied Vouchers



Project Metrics

Measure	Result
Rework	<ul style="list-style-type: none"> • 4580 Denied Vouchers (July – Sept 2014)
Waste Points	<ul style="list-style-type: none"> • 127 hours per month (7630/60 minutes) • Average denied vouchers = 1526 vouchers per month • Average time to fix 1 voucher = 5 minutes • Total minutes to fix denied vouchers = 7630 mins (1526 x 5 mins)
Redirected Hours	<ul style="list-style-type: none"> • 64 hours per month • 50% of 127 hours = 64 hours
Cost Avoidance	<ul style="list-style-type: none"> • \$1168 = 64 hours x \$18.25 • Redirected Hours = 64 hours of standard processing time • Average hourly pay for AP Associate = \$18.25
Reallocation of Hours Saved on Rework to Production	<ul style="list-style-type: none"> • 640 vouchers per month • Redirected hours = 64 hours x 60 mins = 3840 mins • Average number of minutes to create 1 voucher = 6 mins • Total vouchers created with redirected hours = 3840 mins/6 mins

Increased Revenue Scorecard

Measure	Projected Annually
<ul style="list-style-type: none"> • Reduce denied vouchers by 50% (<5% goal) • Reduce denied vouchers from 1526 vouchers to 763 denied vouchers per month 	<ul style="list-style-type: none"> • Annual Increased Production: <ul style="list-style-type: none"> - Created Voucher = 640 vouchers - Average OSS charge per voucher = \$18.75 $640 \times \\$18.75 \times 12 \text{ months} = \\$144,000$
Measure	Reallocation of Resources to Production Work
<ul style="list-style-type: none"> • Reduced waste time by 50% • Reduce time in working denied vouchers from 127 hours to 64 hours per month 	<ul style="list-style-type: none"> • 50% of average waste time per month = 64 hours x 12 months = 768 hours • Qualitative Benefits to Agencies: <ul style="list-style-type: none"> - Reduced work efforts to agency partners - Redirected resources to agency core mission

Implementation Plan

Task	Who	When	Status
Poke Yoke the Pre-Processing Form	Agency & OSS	TBD	In Progress
Use the Reference guide	Agency & OSS	3/5/15	In Progress
Train OSS Associates	OSS	3/5/15	In Progress
Communication Plan	OSS	3/5/15	In Progress
Intervention and Discipline	OSS	3/5/15	In Progress
Return invoice with no PO or incorrect PO listed back to the vendor	Agency	3/5/15	In Progress
VOLT	OSS	09/30/14	Complete

Special *thanks* to...

Senior Leadership

- Everett Ross

Sponsor:

- Korrina Thomas

Team Leader:

- Valentine Nnachetam

Subject Matter Experts

- John Palermini

Lean Ohio Adviser

- Ted Wendling

Others

- Cindy Kifer
- Tim Ogonek
- Edith Peschke