AUTOMATING/STREAMLINING THE ALTERNATE SCDHHS PROCUREMENT PURCHASE REQUISITION PROCESS (192 FORM)

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GLOSSARY OF TERMS

Term	Definition
Cost Center	Locations in SAP that are used to tie cost types/transactions to department-specific budgets within the organization
Functional Area Code	The functional area is an organizational unit that sorts operating expenses incurred based on activities.
General Ledger	A general ledger (GL) is a set of numbered accounts used to keep track of financial transactions and to build reports.
Procurement	A department that "procures" goods and services for SCDHHS, adhering to state procurement law.
Program Area	A term used to describe a program/department within SCDHHS.
Vendor Number	An ID number assigned to each vendor providing goods or services to SCDHHS.
Purchase Order	An internal document used to request the purchase of goods or services.
Direct Payment	A financial transaction used to pay a vendor directly for the purchase of certain goods and services in limited circumstances (in lieu of a standard purchase order).
SCEIS/SAP	South Carolina Enterprise Information System (SCEIS) is a customized version of software used to initiate financial transaction. The foundational software is called Systems, Applications and Products (SAP).

Introduction / Problem Statement

In most cases, the South Carolina Dept. of Health and Human Services (SCDHHS) uses automated South Carolina Enterprise Information System (SCEIS) software to initiate and track the various steps in its procurement and purchasing process. Some types of purchases, however, call for an older pre-SCEIS process, via a paper Form 192 (Purchase Requisition), or simply “a 192.” SCDHHS uses a 192 to communicate both internally between its Procurement, Budget, and Accounts Payables areas and to communicate externally to the vendors from whom the agency is purchasing. Form 192 assists in multiple types of purchases, such as office supplies, software, memberships, conference fees, etc. To manage the scope of this project, I will focus on training and training-related travel requests tied to Form 192.

“Direct pay” transactions are the main reason for the agency to use a 192 in lieu of SCEIS, which is designed for use[1] with a standard purchase order and invoicing process. The SCDHHS Procurement Department developed guidance for training-related direct pay purchases (Appendix C), based on regulations set forth by the State Comptroller General.1 The rules state: “Expenditures listed below may be paid by Direct pay (192): […] Education and training provided by the State of South Carolina; Registration (fee, individual name); Membership dues.”

Because the 192 process is manual and paper-based, staff often encounter recurring issues, such as multiple hand-off points that cause delays; re-generating lost paperwork; and an inability to track forms as they move through the process, among other problems. I chose to focus this project on Form 192, because it is a process that, if

[1] The SCDHHS Finance Dept. recently shared travel-related training with my department that they plan to release agency-wide soon.

analyzed and improved, could benefit multiple departments at once. This project will analyze the manual 192 process (specifically pertaining to training requests and travel) to discover if areas exist in the workflow that could benefit from a streamlined approach and/or an automated solution to increase efficiency. I chose to focus on training/travel related 192s for this project because they tend to be the most process-heavy and because I plan to use my department to pilot whatever solution this project arrives upon.

Data Collection

Since the current process is primarily paper-based with limited data to analyze, my data collection methods relied on: running database reports to look at processing trends; interviewing stakeholders in the process; and developing workflows to try to identify potential gaps in the process.

In my day-to-day work, training-related 192s seemed to cause the longest delays, so first I ran reports to see if the data supported my assumption. My agency's Procurement & Fiscal areas both have logs related to 192's and they agreed to share their data. I was happy for both logs—however, Procurement was unable to share beyond 2016. Neither logs provided the 192 creation date, approval dates, and description of services. As a workaround, I ran expenditure reports from our "Business Objects" software, for the First Quarter of State Fiscal Year 2019 (July 1-Sept 30, 2018) and filtered out everything except direct pays (192s). Of the direct pays in the report, I was able to pull out 19 standard 192s (office supplies, etc.) to compare to 19 training/travel-related 192s. (Results and analysis in the "Data Analysis" section below.)

Secondly, I documented my day-to-day work when purchases called for a manual 192 and I created a workflow. For the workflow (Appendix B), I teamed up with our agency's Federal Contract & Vendor Management Contract Administrator to illustrate the flow of a training/travel-related 192 moving through the process today (i.e. the steps I actually go through to process a 192). Next, I compared this new workflow to Procurement's original 192 training workflow (Appendix A). The current process aligns with a 2018 agency memo (Appendix D), which spells out the required documents and signatures. Once Finance releases its final training to the entire agency, Procurement's original training workflow could be updated to also include the Finance Department's role in the process. This would better define:

- Who has the authority to create a 192
- Requirements related to the April, 2018 memo (for example, which additional forms should be included and required signatures)
- What happens if documents or other necessary information are not included (i.e. to whom should it be returned and how)

Data Analysis

I dropped the 192 data from "Business Objects" into an Excel spreadsheet. Because the system does not always capture key dates, I had to manually look at each 192 document to see when certain dates were physically stamped or written onto the document. I captured various key dates as the 192 moved through the process; however, for the purposes of analyzing overall processing time between standard and training/travel-related 192s, I simply compared invoice submission date to invoice paid date *and* invoice submission date to 192 creation (Figure 1).

It is important to note here that state agencies have 30 days from the invoice submission date to pay the vendor. That does not include the check date. We have to give more time for the SC Comptroller General to post the approval, send us either the check for mailing or send us notification that the direct deposit has started its way to the vendor's bank account. From the Code of Laws of South Carolina 1976, Section 11-35-45 (Amended):

> *(A) All vouchers for payment of purchases of goods or services shall be delivered to the Comptroller General's Office within thirty (30) work days from acceptance of the goods or services and proper invoice. After the thirtieth work day, following acceptance or the postmark on the invoice, the Comptroller General shall levy an amount not to exceed fifteen percent per annum from the funds available to the agency, such amount to be applied to the unpaid balance to be remitted to the vendor unless the vendor waives imposition of the interest penalty[…]*

For standard 192s in my sample, the average time to pay a direct pay invoice was 24 days, compared to 30 days for training/travel. The quickest turnaround time to pay an invoice was 12 days for standard vs. 7 days for training/travel. The slowest turnaround times showed a large discrepancy: 32 days for standard and 107 days for training/travel. When it comes to invoice submission compared to *starting* a 192, it took an average of 5 days to start a 192 for standard, compared to 11 days average for training/travel. The quickest turnaround time to start a 192 was 1 day for both standard and training/travel.

The longest delay to start a 192 for standard was 15 days, compared to 81 days for training/travel.

At a high level, I believe the data shows that the turn-around times do not vary much if everything is working as planned, but if supplemental documents are not submitted properly, the discrepancy in the delays for travel-related direct pays is significant. In the data sampled, $7,173 more dollars were tied up in the travel process ($20,366) vs. non-travel ($13,193).

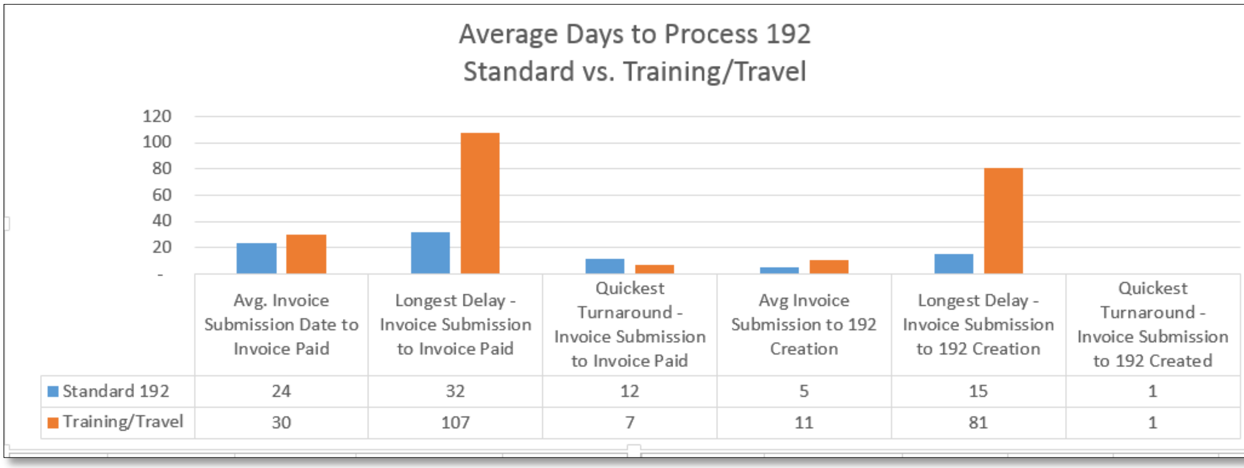


Fig. 1

Outside of the data collected above, the first-hand issues I observed: there is no formal, centralized procedure; there is no centralized tracking mechanism to check the status of forms in the process; and there are stoppage points in the workflow, such as multiple email handoffs that could be automated or streamlined (Figure 2). I found that we have no central system housing the various supplemental documents attached to a Form 192, as they are usually physically printed and attached via a butterfly clip or paper clip. Each Program Area is responsible for manually creating their own unique 192 sequence number (an ID number), which is intended to help to track it. Requiring each Program Area to create their own sequence number, rather than having an automated process, often results in errors, duplicate numbers, returned documents, etc. On almost every 192 form I sampled, the Budget Analyst handwrote additional information, such as General Ledger information, corrections to Cost Centers, corrections to Functional Area Codes, which added the potential for errors and legibility problems. On both of the 192 types that I reviewed (standard vs. training/travel), the one constant guarantee was the Budget Analyst would have to add the Vendor Number, Funds Reservation, and General Ledger Number, as there is no place for this information on the 192.

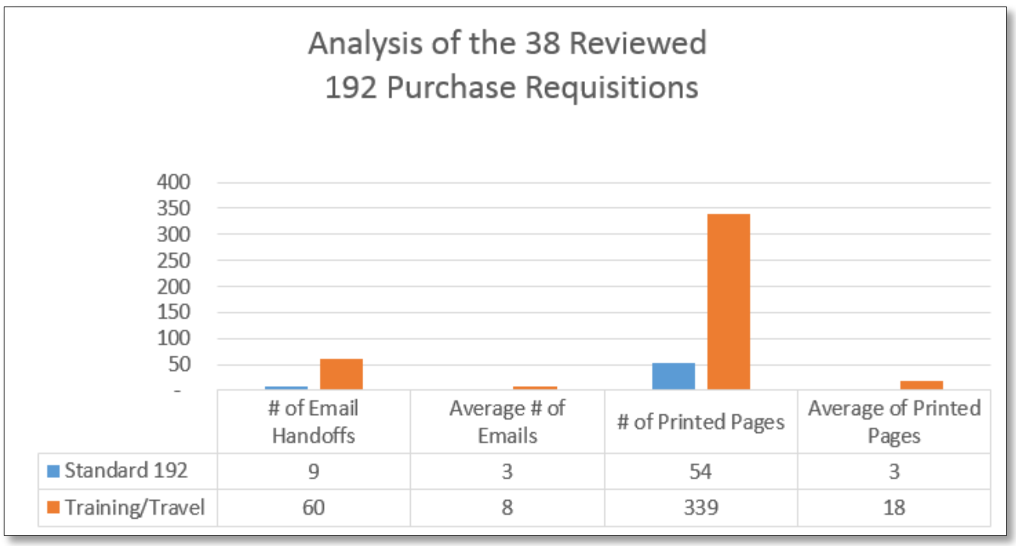


Fig. 2

The larger issue with the 192 process may be the delays in the beginning of the process, before the 192 is created. Issues could include: the traveler is not alerting staff immediately after they gain approval to travel/register for conferences; perhaps someone is out of the office on leave and the process stalls until their return; it may be that we need a vendor to register (to obtain a vendor number); or we need corrections to Functional Area or Cost Center codes.

Since no centralized tracking mechanism exists, there is increased potential for delayed or missing signatures, lost paperwork, or late invoices. The delays in the current process include multiple email handoffs (asking for missing documents or signatures); follow-ups to check on progress; and reproduction of the same forms, if the original was misplaced.

Implementation Plan

It is my belief that using a technical application to streamline and/or automate the 192 process could improve traveler/registrant accountability, increase efficiency and accuracy, and ensure timely payments to vendors. An automated solution could bring the training/travel 192 processing timeframes into alignment with our other standard 192 types, especially considering that more agency funds are tied up in the travel process. To build out and test a solution, I decided to use my department as a pilot, with a focus on training and travel purchases. Using the issues identified in the current 192 process, I first listed out the minimum needs and requirements for an automated solution:

Form 192 creation - A technical solution should allow users to:

- Create and type into an electronic version of a 192
- Generate a unique ID assigned to each 192
- Attach scanned or uploaded supplemental documents to the relevant 192
- Allow printing of physical documents from the system in cases where a wet signature is required on a document

Form 192 tracking – A technical solution should allow users to:

- Assign and reassign the 192 to workers as the packet passes through its workflow
- Log a history of the pass-along to track where it is in the flow
- Add notes and additional documents for downstream workers
- Accept electronic signature/approval where the 192 process allows
- Set timers and reminders on tasks

Additional Needs - The technical solution would need:

- The system to be accessible by large number of staff
- To be cost effective
- A training component
- To allow storage of 192 and supplemental documents for legally-mandated document retention/audit period

The first step in my implementation plan was to interview IT representatives in my agency to see if they knew of a system that could meet the needs above. The IT reps believed that a system our agency currently uses for a number of service requests, Service Manager, could be almost immediately put into service to meet the majority of the 192 needs—although not entirely perfect, it could address a large percentage of the problem right away. I determined that the most efficient, cost effective and immediate approach would be to implement the plan in phases, rolling out a Service Manager process as Phase 1. If Phase 1 is sufficient, no further changes may be needed. If we need a more robust solution to meet all needs, we can reassess and implement Phase 2.

Phase 1: Service Manager – (Pilot)

Most SCDHHS staff already use Service Manager to submit requests for anything from IT support to requesting furniture to be moved, so no additional training would be needed. Additionally, since all staff have access, no cost or software licenses are required. Service Manager can handle certain needs like generating unique ID numbers for 192 requests, can upload and attach documents, assign and reassign tasks related to the 192 across departments, and run reports.

To build out the electronic form for the 192 process, I used the workflow in Appendix B to lay out what questions would need to be asked and what supplemental questions would then need to display in order to ensure that the proper training/travel documents were attached. Next, I met with IT developers to find the most user-friendly solution to the question flows and also worked with them to ensure that certain questions and uploads were required in order to ensure as little process churn and follow-up as possible.

With the submission form built (Figure 3), I had a second meeting with IT to strategize the best solution for the workflow on the backend. My plan was to utilize Service Manager's task tracking capabilities without disrupting other departments' processes *and* while also avoiding the need for complex training for backend users. We decided to build it so that each Service Manager task would send an internal email to stakeholders (Procurement, Payables, etc.) with simple one-click options to approve or to open the ticket for more information or to attach supplemental information. This solution does away with the need for wet signatures in many cases and it doesn't disrupt each department's current process—they simply click a button in an email to move the 192 ticket to its next phase in the workflow. When the process is fully completed, the ticket will close and all information and supplemental documents will be stored on a secure server indefinitely, and all departments will have access if needed.

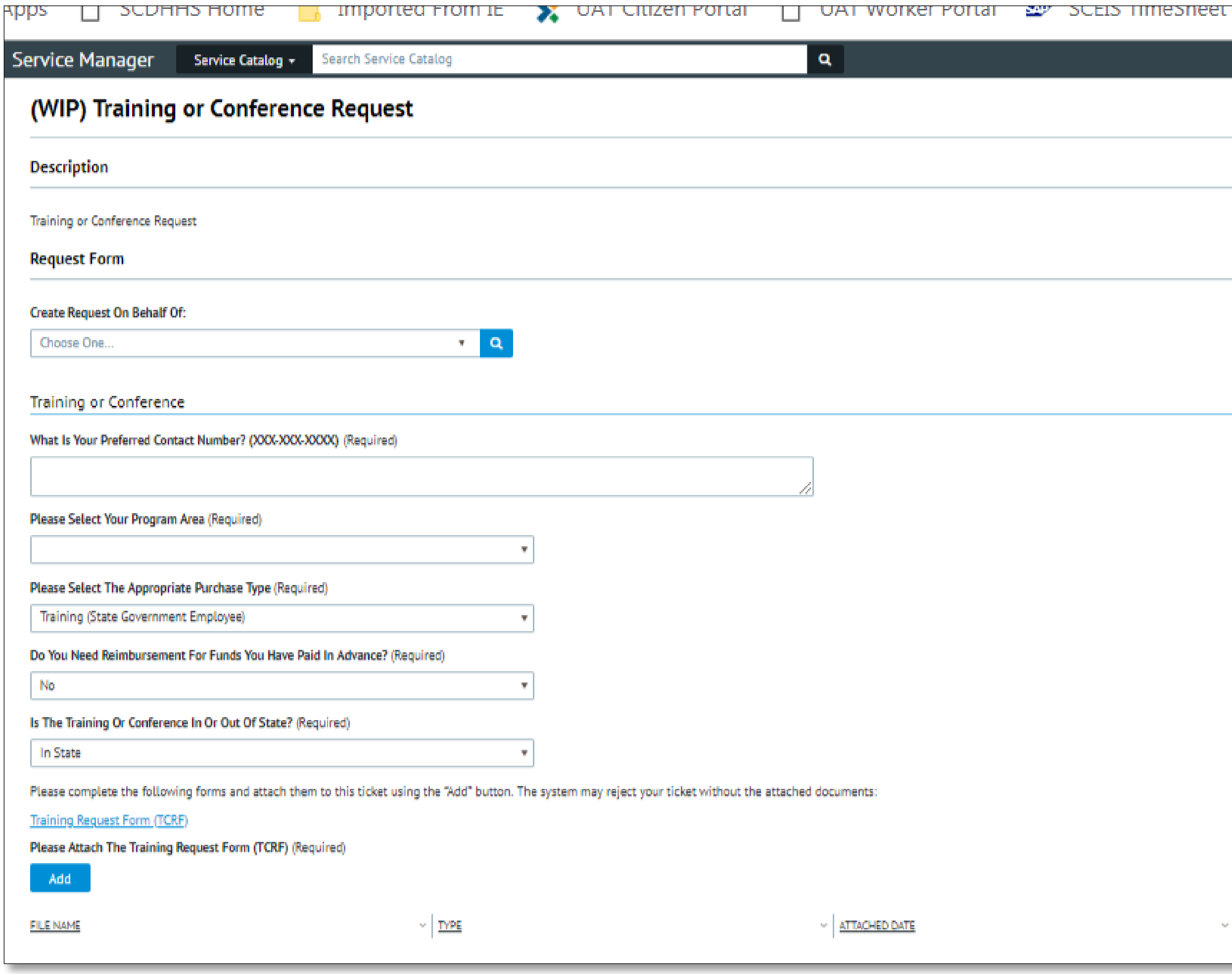


Fig. 3

After meeting with IT, I met with leadership in the affected departments to ensure that they were comfortable piloting this new approach with my area and to ensure that I had leadership buy-in. Leadership will notify their front end users (people who will submit training/travel requests) when the Service Manager process goes live. Self-guided tutorials for Service Manager are already posted on its front page. The main obstacle I anticipate is ensuring that we set up an internal system to maintain any updates to 192-related forms with IT to ensure that the most up-to-date forms are available in the system.

We hope to go live with the pilot by May, 2019 although that date may fluctuate.

Evaluation Method

After the pilot process is in place for a full quarter, I will run a series of follow up reports to compare data from the pilot project to the process prior to the pilot. Specifically, I plan to analyze:

- Processing time
- Late payment comparison
- Unresolved tasks assigned to users
- Resolved vs. unresolved 192s

Additionally, after the first full quarter, I plan to use an electronic survey tool called LimeSurvey to survey all stakeholders (training requestors and backend users) in the 192 process who participated in the pilot.

If results for Phase 1 address the primary needs, I will meet with leadership to determine if the Phase 1 solution is sufficient or if we need to move ahead to a Phase 2.

Summary

The Division of Federal Contracts and Vendor Management at SCDHHS strives to provide expertise and support for our agency's procurement, budgeting and vendor management needs. For my function within the division, I think bringing automation and technology into the paper 192 process will provide a convenient way for staff to request purchase requisitions, utilize the most efficient method for accounting staff to process them and ensure that vendors are paid in a timely manner because travelers/registrants provide all needed documents in advance.

APPENDICES

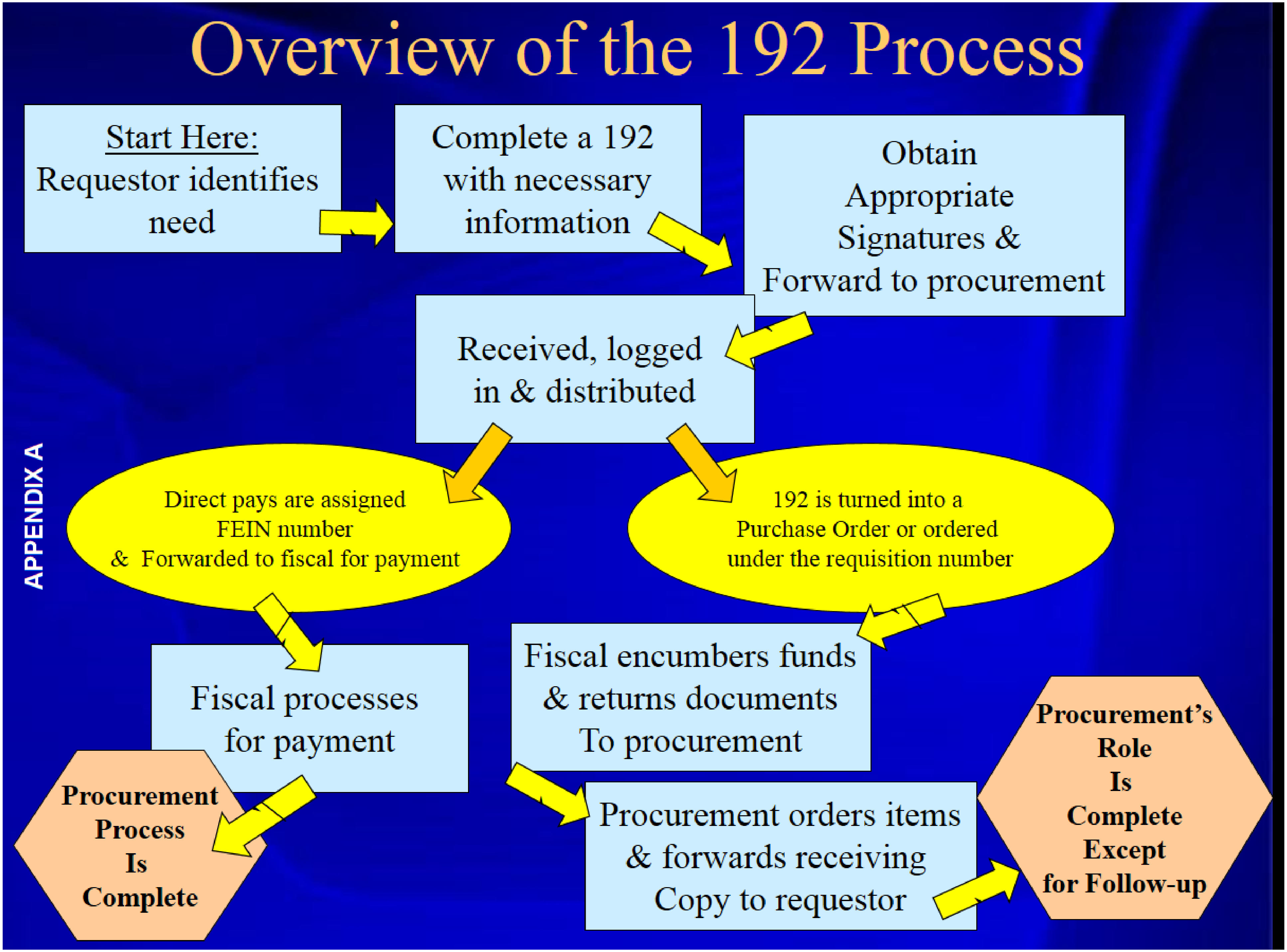
APPENDIX A – Original 192 Workflow (SCDHHS training)

APPENDIX B – Workflow of Actual 192 Process Today

APPENDIX C – Procurement Guidelines, SCDHHS

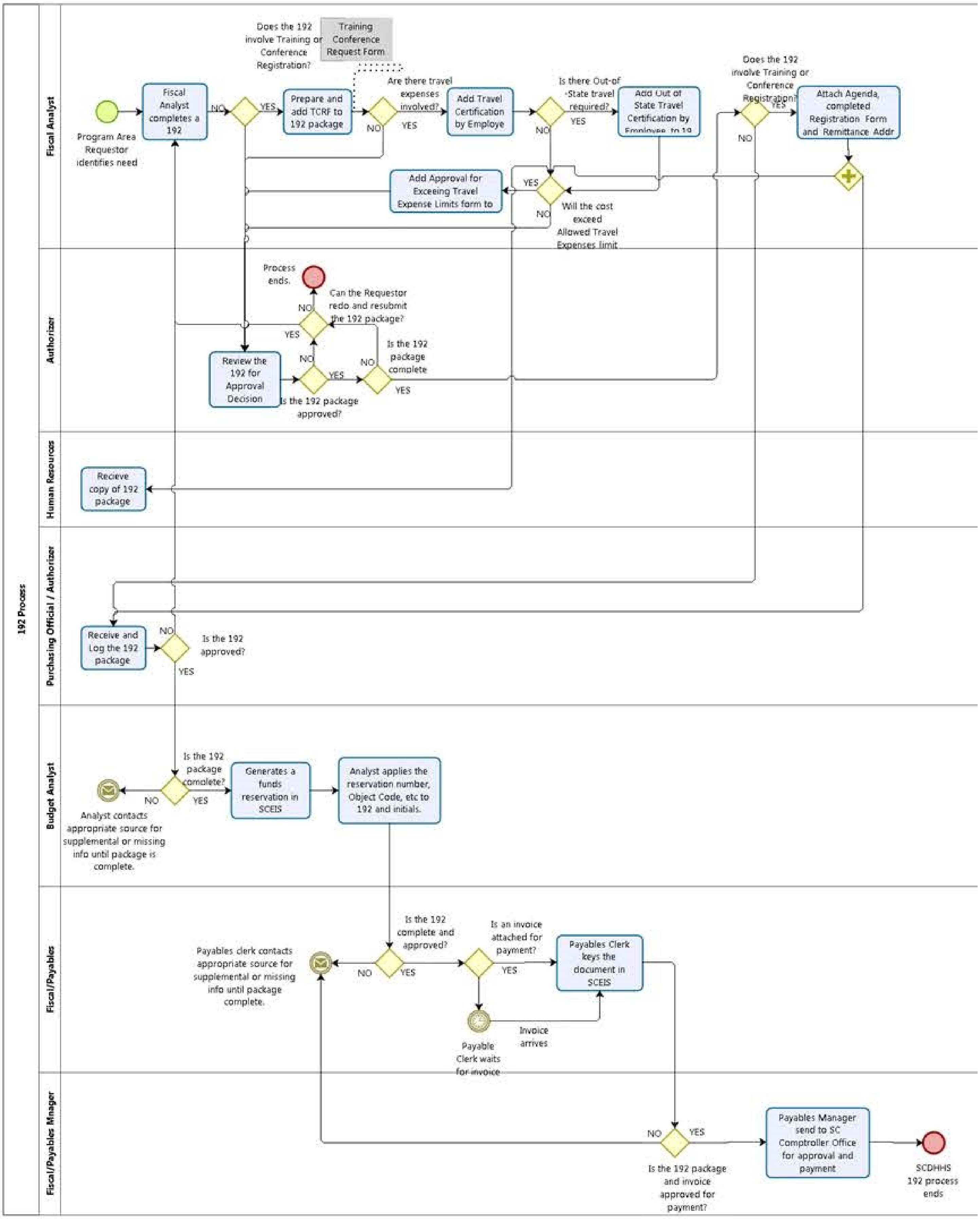
APPENDIX D – Training and Travel Reimbursement Memo

APPENDIX A



Overview of the 192 Process
Start Here:
Requestor identifies need
Complete a 192 with necessary information
Obtain Appropriate Signatures & Forward to procurement
Received, logged in & distributed
Direct pays are assigned FEIN number & Forwarded to fiscal for payment
192 is turned into a Purchase Order or ordered under the requisition number
Fiscal processes for payment
Fiscal encumbers funds & returns documents To procurement
Procurement Process Is Complete
Procurement orders items & forwards receiving Copy to requestor
Procurement's Role Is Complete Except for Follow-up

APPENDIX B


192 Process
Fiscal Analyst
Authorizer
Human Resources
Purchasing Official / Authorizer
Budget Analyst
Fiscal/Payables
Fiscal/Payables Mnager
Program Area Requestor identifies need
Fiscal Analyst completes a 192
Does the 192 involve Training or Conference Registration?
Training Conference Request Form
Prepare and add TCRF to 192 package
Are there travel expenses involved?
Add Travel Certification by Employe
Is there Out-of-State travel required?
Add Out of State Travel Certification by Employee to 19
Does the 192 involve Training or Conference Registration?
Attach Agenda, completed Registration Form and Remittance Addr
Add Approval for Exceeing Travel Expense Limits form to
Will the cost exceed Allowed Travel Expenses limit
Process ends.
Can the Requestor redo and resubmit the 192 package?
Is the 192 package complete
Review the 192 for Approval Decision
Is the 192 package approved?
Recieve copy of 192 package
Receive and Log the 192 package
Is the 192 approved?
Is the 192 package complete?
Analyst contacts appropriate source for supplemental or missing info until package is complete.
Generates a funds reservation in SCEIS
Analyst applies the reservation number, Object Code, etc to 192 and initials.
Payables clerk contacts appropriate source for supplemental or missing info until package complete.
Is the 192 complete and approved?
Is an invoice attached for payment?
Payables Clerk keys the document in SCEIS
Payable Clerk waits for invoice
Invoice arrives
Is the 192 package and invoice approved for payment?
Payables Manager send to SC Comptroller Office for approval and payment
SCDHHS 192 process ends
YES
NO

APPENDIX C

Direct Payment 192 Form

Comptroller General Guidelines

- **Expenditures listed below may be paid by Direct Pay (192):**
  - Pcard requests and transactions (Completed and approved prior to purchase, ex. Verizon
  - Inter-Departmental Transfers (IDT), SCDC orders
  - Inter-Departmental expenditures paid by check
  - Freight/Express mail - FedEx, DHL, UPS
  - Conference facility rental, including equipment and material rental by facility Form 138 must accompany 192 if fees exceed $2500
  - Subscription renewals, not to exceed one year
  - Education and training provided by the State of South Carolina
  - Registration (fee, individual name)
  - US Postage and Box rental
  - Membership dues

APPENDIX D

From: Agency Broadcast
Subject: Training and Travel Reimbursement
Date: Monday, April 16, 2018 9:40:55 AM

All 192 forms completed for training and conference registrations must have a Training/Conference Request Form (TCRF) attached with authorized signatures of approval when submitted. For out of state travel, all 192 forms must have a TCRF, Travel Certification by Employee form and Travel Certification by Agency form reviewed and signed by the program area's deputy director prior to the travel date. The approval form for exceeding the travel expense limit must be reviewed and approved by the agency director or his designee prior to the travel date. The TCRF, Travel Certification by Employee form and Travel Certification by Agency form can be found on the Everything Administrative page on SharePoint. Go to the Connector, choose Operations on the toolbar at the top of the page and click on Administration. The forms are under the Procurement, Budgets and Accounts Payable section.

Should you have any questions, please contact Nika Simmons at 803-898-1076.