

Process Improvement in Payables for Travel Related Documents

By: Michelle Skeen

South Carolina Department of Transportation

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Overview

The South Carolina Department of Transportation's (SCDOT) mission is to connect communities and drive our economy through the systematic planning, construction, maintenance and operation of the state highway system and the statewide intermodal transportation and freight system. It is SCDOT's vision is to rebuild our transportation system over the next decade in order to provide adequate, safe and efficient transportation services for the movement of people and goods in the palmetto state.

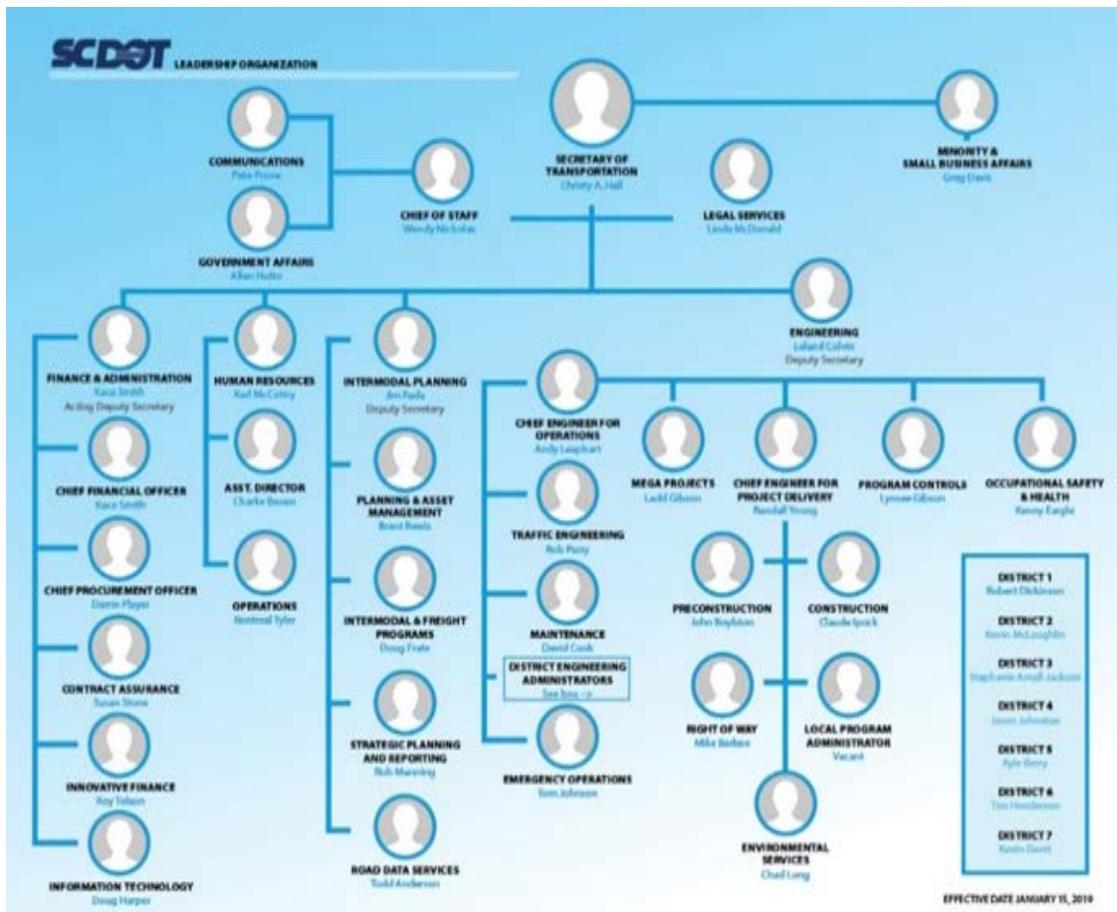
The Accounts Payable department's mission is to support the overall agency mission. The departmental goal is to process all payments in accounts payable with a net 30 days term at a rate of 96%. Staff is responsible for providing timely and accurate payment of business transactions for the agency. The department is charged with reviewing expenditure documentation for accuracy and validity, and giving final approval for disbursing funds for payment of goods and services, and providing excellent customer service to our internal and external customers. Business transactions include purchase order payments, purchasing card transactions, fuel card transactions, right of way payments, consultant agreements, railroad agreements, contractor estimates, utilities and utility agreements, damage claims and travel related documents.

Problem Statement

Currently, within our accounts payable process, we electronically process travel related documents into the accounting system as we receive them from all forty-six counties and twelve departments within the agency. The goal is to determine the main factors involved in the travel process in order to create a more efficient process for these types of documents to meet the ever changing needs of government. Thus, not only improving our payment term turnaround but also providing a more efficient and transparent process for our internal customers.

Structure of SCDOT

The South Carolina Department of Transportation is the fourth largest highway transportation system in the nation with 41,500 miles of paved roads and 8400 bridges to maintain. The structure of the agency is comprised of the SCDOT Commission Board, the Secretary of Transportation, Divisions of Engineering, Human Resources, Finance and Administration, and Intermodal Planning. Within engineering, there are seven districts state wide that are comprised of the forty-six counties. Within each district there are divisions of engineering for maintenance and construction within each county.



The Deputy Secretary for Finance & Administration has the overall responsibility for the agency short-term and long-term financial solvency, preparation and execution of the agency's budget, financial management including cash flow management and forecasting, financial accountability, state and federal procurement activities, and procurement oversight and accountability. The division also oversees agency Information Technology Services (IT), Commission support, statewide toll operations and external auditing. The office of the Controller falls underneath the Chief Financial Officer.

The Controller is responsible for the offices of Accounts Payable, Accounts Receivable, General Accounting, and Toll Roads.

Project Overview

Accounts Payable is comprised of a team of eight Fiscal Analysts, two supervisors, and a manager. Each analyst is given the responsibility as the main point of contact for a specific district. The responsibilities include processing all payments within that district. These payments are comprised of purchase orders and any direct pay vouchers to include travel related documents. As a whole, the accounts payable team processes and approves an average of three hundred and fifty invoices daily, averaging over seventy thousand invoices processed per year. As a high volume accounting team, our standard is to process documents with a payment term turnaround of net 30 days at a rate of 96%. We are currently meeting that standard, however, there is an area in particular that is in need of focus and that is the process of travel related documents.

Travel related documents are a type of direct pay voucher for the payment of travel related expenses. These payments include registration documents for training courses or conferences, direct billing for hotel/lodging expenses, cash advances to employees for out of state travel, and travel expense claims for reimbursement. In order to be determined a travel document, the account assignment must be coded properly via the general ledger. Please see the following for the general ledger expenditure definitions for travel expenditures.

EXPENDITURE GENERAL LEDGER ACCOUNTS		
G/L ACCOUNT	GENERAL LEDGER LONG TEXT	DEFINITION OF ACCOUNTS
5041840000	CAP LEASE PRINCIPAL PAY-LAND & BLDG	Use this G/L account to pay non State parties for the use of real property under capital leases. Do not use this G/L account for payments to other State agencies, interest payments, executory costs, or payments on operating leases. See the State Treasurer's Office Lease Reporting Package for definitions of capital and operating leases. Before you use GLA 5041840000, the Comptroller General's Office must have a copy of the amortization schedule on file.
5041850000	CAP LEASE INTEREST PAY-LAND & BLDG	Use this code to pay interest to non State parties on capital leases of real property. See the State Treasurer's Office Lease Reporting Package for definition of a capital lease. Do not use this G/L account for payments to other State agencies or for executory costs.
5042010000	FIXED CHARGES-LUMP SUM	Blocked from posting beginning in FY 2020. Please review the G/L list for an appropriate alternative.
5042990000	OTHER FIXED CHARGES	5042990000 - 5042990001: Expenditures for fixed charges not otherwise classified.
5042990001	USED OIL COLLECTION CENTER REBATE	
NOT NECESSARY	TRAVEL	All expenditures by State employees for transportation, mileage, lodging, meals, and other legal charges necessary to the Travel directed. Fares of common carriers such as: Airplanes, Railroads, Buses, Auto Rental, or other chartered transportation service should be charged to travel when charges are paid directly by the State or directly by the employee.
5050010000	IN STATE-MEALS (NON-REPORTABLE)	Expenditures for meals incurred while traveling overnight on official business of the State within the State.
5050010001	TRAINING – IN-STATE MEALS	Expenditures for meals incurred while traveling overnight for agency approved training within the State.
5050019103	IN STATE TRAVEL - FACILITY MAINTENANCE	Real Estate - In-State Facilities travel expenses including meals, lodging, airfare and car rental for off-site meetings, administrative training, auditing and cross-training related to a real property, facilities management or maintenance group.
5050019104	IN STATE TRAVEL REGISTRATION-FACILITY MAINTENANCE	Real Estate - In-State Facilities travel registration fees.
5050019105	OUT OF STATE TRAVEL - FACILITY MAINTENANCE	Real Estate - Out-of-State Facilities travel expenses including meals, lodging, airfare and car rental for off-site meetings, administrative training, auditing and cross-training related to a real property, facilities management or maintenance group.

SC Comptroller General. (2020) Appendix A. Expenditure General Ledger Account Definitions, CG Accounting Policies and Procedures.

EXPENDITURE GENERAL LEDGER ACCOUNTS		
G/L ACCOUNT	GENERAL LEDGER LONG TEXT	DEFINITION OF ACCOUNTS
5050019106	OUT STATE TRAVEL REGISTRATION-FACILITY MAINTENANCE	Real Estate - Out-of-State Facilities travel registration fees.
5050019107	REPORTABLE MEALS - FACILITY MAINTENANCE	Real Estate - Facilities travel expenses for meals incurred on single calendar day trips. These meal reimbursements are reportable as income for the employee.
5050020000	IN STATE-LODGING	Expenditures for lodging expenses incurred while traveling on official business of the State within the State.
5050020001	TRAINING – IN-STATE LODGING	Expenditures for lodging expenses incurred while traveling for agency approved training within the State.
5050030000	IN STATE-AIR TRANS	5050030000 - 5050031000: Expenditures for air transportation expenses incurred while traveling on official business of the State within the State.
5050031000	HR - IN STATE-AIR TRANSPORTATION	
5050040000	IN STATE-AUTO MILEAGE	5050040000 - 5050041000: Expenditures paid as reimbursement for private car mileage incurred while traveling on official business of the State within the State.
5050040001	IN STATE-AUTO MILEAGE REDUCED	
5050040002	TRAINING – IN-STATE MILEAGE	
5050040003	IN STATE-AUTO MILEAGE - SESSION	
5050041000	HR - IN STATE-AUTO MILEAGE	
5050050000	IN STATE-OTHER TRANS	Expenditures paid for transportation cost other than for air or private auto incurred while traveling on official business of the State within the State. Examples: Railroad, Bus, Vendor Rental Car, Taxi, etc.
5050060000	IN STATE-MISC TR EXP	Expenditures for all other cost incurred while traveling on official business of the State within the State. Examples: Parking, Telephone, etc.
5050060001	TRAINING – IN-STATE MISCELLANEOUS TRAVEL	
5050070000	IN STATE-REGISTRATION FEES	Fees to attend conferences, teleconferences, workshops or seminars held within the State on a per person basis.
5050070001	TRAINING – IN-STATE REGISTRATION FEES	Fees to attend conferences, teleconferences, workshops or seminars for employee training held within the State on a per person basis.

EXPENDITURE GENERAL LEDGER ACCOUNTS		
G/L ACCOUNT	GENERAL LEDGER LONG TEXT	DEFINITION OF ACCOUNTS
5050080000	IN STATE-SUBSISTENCE ALLOWANCE	Payment of a set subsistence monetary allowance provided by the State for certain State officials, while traveling within the State. Examples: Public Service Commissioners, Employment Security Commissioners, members of the General Assembly, Workers' Compensation Commissioners, fruit and vegetable inspectors.
5050080001	IN STATE-SUBSISTENCE ALLOWANCE - SESSION	Payment of a set subsistence monetary allowance provided by the State for certain State officials, while traveling within the State.
5050510000	OUT STATE-MEALS (NON-REPORTABLE)	Expenditures for meal expenses incurred while traveling overnight on official business of the State outside of the State of South Carolina but still within the United States.
5050510001	TRAINING – OUT-OF-STATE MEALS	
5050520000	OUT STATE-LODGING	Expenditures for lodging expenses incurred while traveling on official business of the State outside of the State of South Carolina within the United States.
5050520001	TRAINING – OUT-OF-STATE LODGING	
5050530000	OUT STATE-AIR TRANS	5050530000 - 5050531000: Expenditures for air transportation expenses incurred while traveling on official business of the State outside of the State of South Carolina within the United States.
5050530001	TRAINING–OUT-OF-STATE AIR TRANSPORTATION	
5050531000	HR - OUT STATE-AIR TRANSPORTATION	
5050540000	OUT STATE-AUTO MILEAGE	5050540000 - 5050541000: Expenditures paid as reimbursement for private car mileage incurred while traveling on official business of the State outside of the State of South Carolina within the United States.
5050540001	OUT STATE-AUTO MILEAGE REDUCED	
5050540002	TRAINING – OUT-OF-STATE MILEAGE	
5050541000	HR - OUT STATE-AUTO MILEAGE	
5050550000	OUT STATE-OTHER TRANS	Expenditures paid for transportation costs other than for air or private auto incurred while traveling on official business of the State outside of the State of South Carolina but still within the United States. Examples: Railroad, bus, vendor rental car, taxi, Uber, etc.

As part of process improvement, questions from our internal customers in regards to travel documents include:

- What type of forms should be used to request a registration and/or hotel payment?
- How do you fill out the forms for an expense claim?
- What supporting documents are needed for submission with forms?
- How long for employees to receive their reimbursements.
- How to apply check or EFT payments? (Inquiry from our external customers).

These payments differ from the normal invoice as they usually do not have an invoice number as they are, in most cases, payable to our employees for their travel costs, or to one time vendors for seminars and/or conferences and grouped hotel payments.

Data Collection

Data collection is as follows:

- A. Data information from our SAP accounting system, the South Carolina Enterprise Information System (SCEIS).
- B. Interviews of administrative users.
- C. Internal review process

Data Analysis

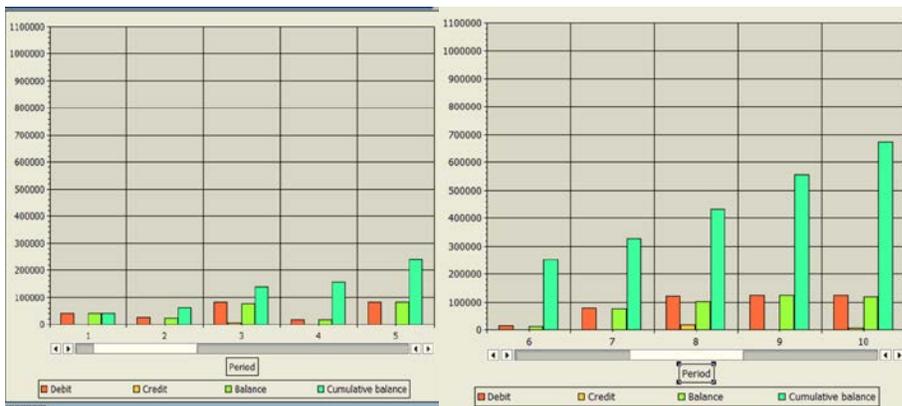
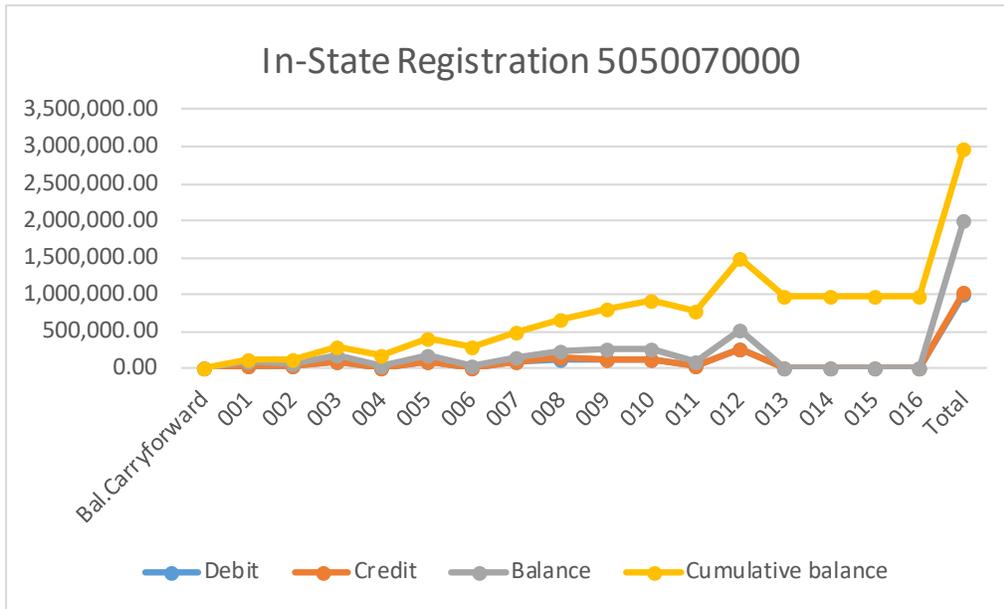
Data collection from the SCEIS SAP system was for fiscal year 2018-2019 for ZT travel documents processed through agency code U120. The following chart will show the total expenditures amount YTD for FY19 by travel general ledger.

GL Account	YTD Beg Bal	MTD Activity	YTD End Bal
5050010000 IN STATE - MEALS (NON-REPORTABLE)	10,376.05	1,536.38	11,912.43
5050010001 TRAINING - IN-STATE MEALS	193.56		193.56
5050020000 IN STATE - LODGING	190,315.84	37,501.57	227,817.41
5050020001 TRAINING - IN-STATE LODGING	179.72		179.72
5050030000 IN STATE - AIR TRANSPORTATION			
5050040000 IN STATE - AUTO MILEAGE	15,973.89	3,121.32	19,095.21
5050050000 IN STATE - OTHER TRANSPORTATION	12.38		12.38
5050060000 IN STATE - MISCELLANEOUS TRAVEL EXPENSE	866.56	94.00	960.56
5050070000 IN STATE - REGISTRATION FEES	710,244.65	253,813.00	964,057.65
5050070001 TRAINING - IN-STATE REGISTRATION FEES	2,249.00		2,249.00
5050510000 OUT OF STATE - MEALS (NON-REPORTABLE)	11,054.60	1,631.89	12,686.49
5050520000 OUT OF STATE - LODGING	92,348.89	9,323.42	101,672.31
5050530000 OUT OF STATE - AIR TRANSPORTATION	45,228.97	3,618.91	48,847.88
5050540000 OUT OF STATE - AUTO MILEAGE	10,242.63	29.16	10,271.79
5050550000 OUT OF STATE - OTHER TRANSPORTATION	4,052.08	230.46	4,282.54
5050560000 OUT OF STATE - MISCELLANEOUS TRAVEL EXPENSE	6,751.28	528.80	7,280.08
5050570000 OUT OF STATE - REGISTRATION FEES	61,986.00	3,371.00	65,357.00
* Total	1,162,076.10	314,799.91	1,476,876.01

Skeen. (2020) Appendix B and C of Process Improvement in Payables for Travel Related Documents.

Period	Debit	Credit	Balance	Cumulative balance
Bal. Carryfor...				
1	39,030.00	550.00	38,480.00	38,480.00
2	24,046.90	100.00	23,946.90	62,426.90
3	81,761.00	4,722.00	77,039.00	139,465.90
4	16,804.95	100.00	16,704.95	156,170.85
5	82,630.50	177.00	82,453.50	238,624.35
6	12,736.60	475.00	12,261.60	250,885.95
7	78,216.00	1,370.00	76,846.00	327,731.95
8	121,254.00	18,318.00	102,936.00	430,667.95
9	124,845.50	954.00	123,891.50	554,559.45
10	124,657.20	5,590.00	119,067.20	673,626.65
11	39,413.00	2,795.00	36,618.00	710,244.65
12	254,953.00	1,140.00	253,813.00	964,057.65
13				964,057.65
14				964,057.65
15				964,057.65
16				964,057.65
Total	1,000,348.65	36,291.00	964,057.65	964,057.65

The expenditures are broken down by the type of expenditure to include, meals, lodging, airline, other transportation, miscellaneous travel expenses, and registration fees. Registration payments are paid via Miscellaneous expense for Training/Vendor form 608. These charges can be prepaid for registration costs for training, seminars, conferences and meetings.



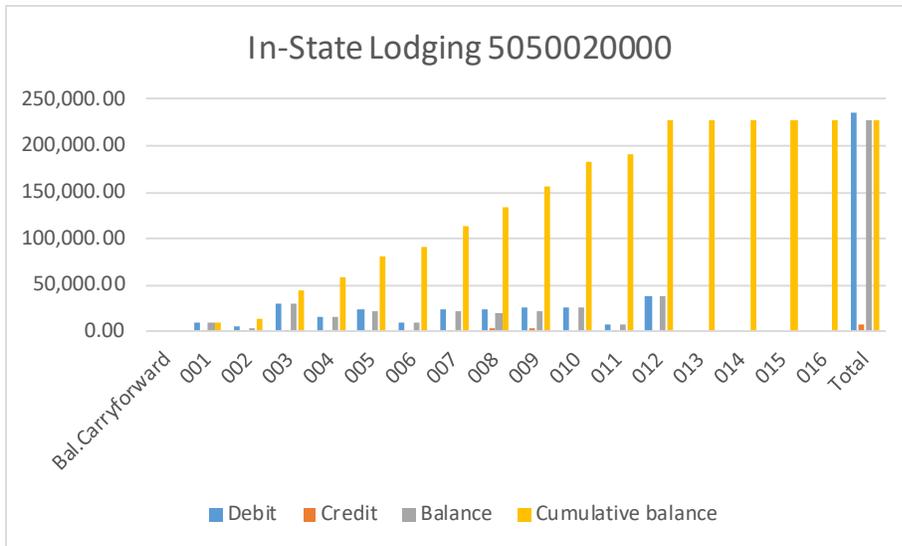
Skeen. (2020) Appendix D of Process Improvement in Payables for Travel Related Documents.

I was able to further research in detail the expenditures for each period to include any credits. Based on my findings for in state registration documents as well as the in state lodging general ledgers, the credit to include any reversals were approximately 3% for the total year and less than that for the other travel GL's, making our processing net 30 term rate 97%. Appendix G and H shows data collected for FY19 for a total of 1511 travel documents processed with 238 being greater than net 30 days for payment bringing term payments for travel documents alone to 85%.

I also conducted interviews with administrative staff completing the employee expense claims as well as interviews with the accounting staff for internal review process. Where in which, the amount of credits (Appendix E) were related to the inaccuracies in completing the form.

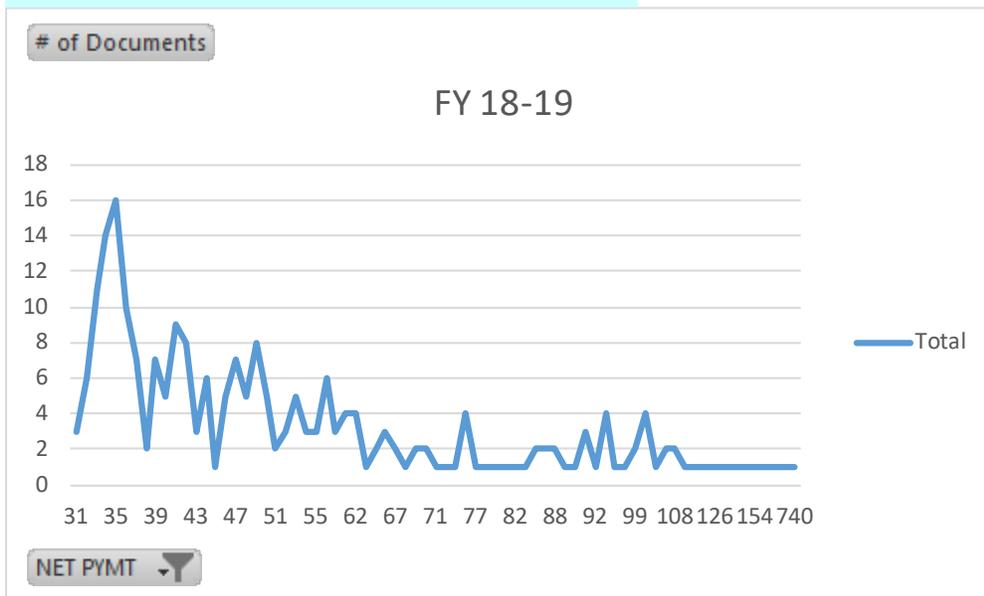
Period	Debit	Credit	Balance	Cumulative balance
Bal. Carryfor...				
1	10,240.99	179.18	10,061.81	10,061.81
2	4,639.49	376.90	4,262.59	14,324.40
3	29,444.33	509.33	28,935.00	43,259.40
4	15,767.45	197.20	15,570.25	58,829.65
5	23,335.89	585.65	22,750.24	81,579.89
6	9,048.67		9,048.67	90,628.56
7	22,896.78	526.50	22,370.28	112,998.84
8	23,364.53	3,248.96	20,115.57	133,114.41
9	25,359.47	2,647.68	22,711.79	155,826.20
10	26,154.29		26,154.29	181,980.49
11	8,402.55	67.20	8,335.35	190,315.84
12	37,501.57		37,501.57	227,817.41
13				227,817.41
14				227,817.41
15				227,817.41
16				227,817.41
Total	236,156.01	8,338.60	227,817.41	227,817.41

Skeen. (2020) Appendix E of Process Improvement in Payables for Travel Related Documents.

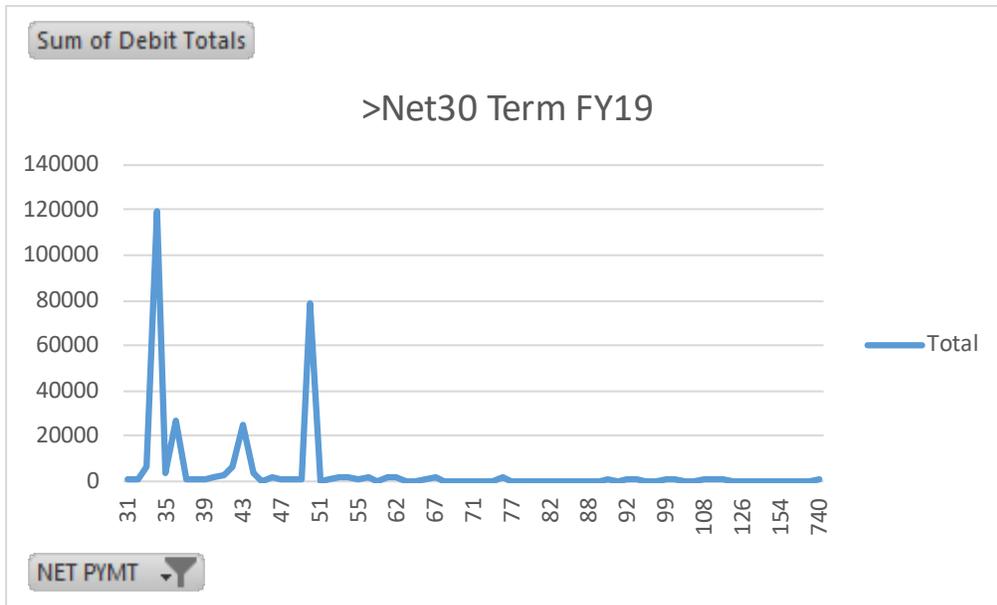


Skeen. (2020) Appendix F of Process Improvement in Payables for Travel Related Documents.

Grand Total 238



Skeen. (2020) Appendix G of Process Improvement in Payables for Travel Related Documents



Skeen. (2020) Appendix H of Process Improvement in Payables for Travel Related Documents.

Implementation Plan

Based on the research conducted from interviews from internal customers as well as data collected from SCEIS, my recommendations are as follows:

- Implementation of training sessions on preparing travel related documents with administrative staff in the districts as well as headquarters. This training on how to properly fill out the forms is needed to reduce the amount of documents returned back for inaccurate or incomplete information.
- Each analyst, along with a supervisor, would perform a training session with members of their district and answer any questions as it relates to travel invoices.

- Implementation of a shared drive per district to designated analyst to reduce wait time from final electronic approval to analyst in efforts to streamline the process to meet our goals.

S. C. DEPARTMENT OF TRANSPORTATION
SCEIS TRAVEL EXPENSE CLAIM

Form 586 (Rev.: 9/12)

Name: John Doe SCEIS PerNer: 10062216 Date: 01/26/2020
 Street: 1234 Right St. ZIP: 29201 Official Hdqts. City: 955 Park Street
 City & State: Columbia, SC City of Residence: Columbia
 Duties Performed: Accounts Payable Training Division: Finance

****MEALS & SUBSISTENCE ARE REPORTABLE AS INCOME IF THERE WAS NO OVERNIGHT STAY INVOLVED.**

**REPORTABLE IN OR OUT OF STATE		0520								0237*	0172*	
NON-REPORTABLE - IN STATE		1	0504	0501	0502	0505	0506	0507	0503	0232*		
NON-REPORTABLE - OUT OF STATE		2	0514	0511	0512	0515	0516	0517	0513	0232*	2401	
DESTINATION OF TRAVEL DEPARTURE DESTINATION		1 OR 2	AUTO MILES	MEALS	LODGING	OTHER TRANS	MISC TRAVEL EXPENSE	REGIST FEES	AIR TRANS	MEALS NONSTATE EMPLOYEE	PER DIEM	
01/05	DEP	1		35.00	100							
01/06		1		35.00	100							
01/07		1		10.00	100							
01/08	ARR	1		18.00								
I hereby certify or affirm that the above expenses were actually incurred by me as necessary traveling expenses in the performance of my official duties; any meals or lodging included in a conference or convention registration fee have been deducted from this travel claim, and that this claim, is true and correct in every material matter and conforms with the requirements of state laws, rules and regulations.		0520								0237*	0172*	TOTAL
		0.00								0.00	0.00	
1	0504	0501	0502	0505	0506	0507	0503	0232*				
	x										TOTAL1	
			98.00	300.00							\$398.00	
2	0514	0511	0512	0515	0516	0517	0513	0232*	2401			
	x										TOTAL2	
											\$0.00	
											\$398.00	

SIGNATURE John Doe
THREE COPIES ARE REQUIRED

*USE T/C 640
TRAVEL ADVANCE (0599) \$ _____

Skewn. (2020) Appendix I of Process Improvement in Payables for Travel Related Documents

Evaluation Method

In order to evaluate these for improvements, data entered into SCEIS should be reviewed quarterly to determine increase in payment terms to meet our goal. Further evaluation would include each analyst to schedule a follow up round table discussion with their district administrative staff to for feedback on the new process.

Summary

In conclusion travel related documents currently comprise of 2% of total document types processed in accounts payable. Even though our total documents processed are within the standard 96% net30 term turnaround date, I have concluded that travel related documents would need improvement to move from 85% to 96% payment rate within those terms. This issue is important as it aligns with our agency goals. We strive to serve internal and external customers by processing payments timely and accurately. It is important to also provide a more transparent and efficient process for our internal customers so that they are able to perform their job duties. These travel documents include registration payments for training and/or conferences, direct billing for hotel lodging expenses, cash advances, and employee travel reimbursements.