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CERTIFIED PUBLIC MANAGER PROJECT

THE CENTER FOR EDUCATION, QUALITY AND ASSESSMENT'S

ACCOUNTS RECEIVABLE FUNCTION

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Supervisor:



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STATE DOCUMENTS

The South Carolina Budget and Control Board's Office of Human Resources' (OHR) supports agencies and human resource managers in developing effective agency human resource management programs that meet their needs. We are best able to carry out this mission through the delivery of exceptional customer service. The current method of establishing, maintaining, and tracking training payments is a key element and also a process that needs examination. The Center for Education, Quality and Assessment (CEQA), the training arm of OHR, provides fee-related services to state employees:

- supervisory and management training that is held at our training facility (open-enrollment);
- supervisory and management training that is held in the requesting agency's training facility (in-house); and
- consultation services.

In addition to course curriculum or consultation expertise, customer satisfaction with our registration and payment process is a top priority. "Customer" is defined as an agency that sends and funds employee(s) participation in CEQA training. Standard Operational Procedures (SOP's) need to be established and implemented setting timeframes for the invoicing process and an agreed upon error rate. Measurement of the receivable function is possible by examining the current method (Appendix 2) and comparing it with other existing OHR payment processes. The purchase of Registrar, the new training record keeping software,

has presented a unique opportunity to look at the entire accounts receivable umbrella.

Implementation of the improved and updated accounts receivable system which satisfy customer needs could begin as early as February or March 1999, for a pilot group of larger state agencies. Across-the-board implementation could begin next fiscal year, July 1, 1999.

Problem statement

Since Registrar's primary function is training record keeping, it does not have an accounting component and forces the use of Excel to import accounting data. As we begin to design the Excel spreadsheet format, we have an opportunity to examine the payment process. The tuition for training services is determined and/or reviewed by CEQA on an annual basis. Currently, Internal Administration administers two (2) separate payment procedures for CEQA courses:

1. open-enrollment course payments are received in lieu of an invoice
2. OHR generates a Request for Billing (Appendix 4) and sends it to Internal Operations where invoices are mailed to agencies for in-house courses and consultation service (Appendix 3).

OHR strives to support quality state government through strong human resource management. One key element to this effort is delivering excellent customer service. A smooth, efficient receivable/collection process is crucial to OHR. It will:

- protect the professional image of OHR and CEQA;
- help maintain competitiveness by keeping satisfied customers;
- establish and sustain a needed cash level for expenditures; and
- assist workflow reduction and diminish confusion for employees.

Cause Analysis

Historical data shows that the existing processes and procedures are a hold over from a time when CEQA manpower allowed for an employee to be dedicated to accounts receivable, collection, and statistical compilation. Everything related to training information was centralized within the Staff Development and Training (name later changed to CEQA) program area. Decentralization occurred in 1993 and the paradigm began to shift. OHR's Internal Administration section was formalized and the accounting functions began transferring. Initially, however, it was business as usual with areas of responsibility conducted the same, but by a different employee. The statistical compilation process remained with CEQA until 1994 when a retirement facilitated its transfer to Internal Administration (Appendix 7). The final transfer of responsibility resulted in all course registration handling by CEQA's data coordinator and the payment/collection process handling by Internal Administration staff. The separation of these functions set the stage for potential communication downfall. The "registration arm" is in the center of the information flow (course cancellations or additions), while the "receivables arm" is on the fringe and many times gets information "after the fact".

Incorrect payment information has been tracked. When Internal Administration contacted agencies concerning apparent delinquent open-enrollment tuition payments, the agency liaison's records did not reflect a payment due CEQA. After numerous telephone calls back and forth plus

inquiries of CEQA staff, it was determined that extenuating circumstances prevailed and a CEQA representative granted “observer status” or “no-fee” to the participant. This information “fell through the communication cracks of the process.”

On other occasions, the agency maintained that they could not process payment without an invoice. This required Internal Administration to pull the original registration, make a photocopy, and fax it to the agency. This is not the best use of manpower. It conveys to the customer an impression of poor efficiency, communication, and a lack of customer focus. The CEQA open-enrollment annual catalog includes a statement: “No invoice will be issued. Please use the registration form for payment process. Written cancellations should be made five business days prior to program; substitutions at anytime.” When polled concerning the cause of the misunderstanding, the response was that CEQA invoices for in-house training and the agency assumed the same process was true for open-enrollment.

In the absence of one standard procedure, CEQA’s data coordinator and Internal Administration’s accounts receivable staff are spending valuable time massaging the current dual payment process.

Five (5) CEQA staff salaries are revenue funded. Curriculum/program area goals are also set and achieved as a result of revenue collection. It is critical that all revenue generated is in fact revenue earned. While it is true that the expanded procedure will increase the number of invoices handled each month by Internal Administration, it will provide our customers a more streamlined,

consistent (open-enrollment and in-house) and end-user friendly method of operation. During Fiscal Year 1997-1998, forty-three (43) open-enrollment courses were held representing 845 participants. Sixty-five (65) in-house courses totaling 1,130 participants took place the same year (Appendix 5). If the proposed procedure had been in use at that time, 335 invoices would have been generated averaging twenty-eight (28) per month. That represents an increase of twenty (20) invoices per month – a manageable workload.

An example of the Standard Operation Procedure (SOP):

- CEQA receives written course registrations.
- CEQA's data coordinator inputs registration information into database.
- Open-enrollment or in-house course is held.
- Five (5) working days after a course is completed, Internal Administration exports course participants' list into Excel spreadsheet.

NOTE: This allows time for in-house participant data input and any corrections such as no-shows for open-enrollment to be made.)

- Agencies are invoiced monthly for all training held during the prior month.

NOTE: This eliminates the need for a request for billing currently completed for standard in-house courses. Any exceptions such as instructor travel or miscellaneous expenses would remain the same.

- Internal Administration tracks the payment of all CEQA invoices and reports to CEQA management.

Implementation Plan

Appendix 1 outlines the timeline for implementation. A new accounts receivable/collection procedure requires a different paradigm. Internal Administration will invoice for all registrations/course slots rather than individual attendance. The OHR/CEQA policy allows for cancellation without payment if written notification is received five (5) business days prior to the first day of the course. Substitutions, however, can be made at any time without prior notice. This provides for customer flexibility and unanticipated work demands.

A shift in thinking will divorce the actual training data (training hours awarded to participants and number of participants trained) from the payment collection data. It will place the area of responsibility in line with the area of knowledge or hands-on information. While both program areas will glean information from the same database, each will use it to achieve different parts of the same goal – efficient, superior customer service.

The updated procedure will be piloted for three (3) months, March – May 1999, with the three agencies that were the heaviest users during fiscal year 1997-1998: Department of Health and Environmental Control, Department of Social Services, and Parks, Recreation and Tourism. Each agency's director as well as their training director will be notified in writing requesting their support. During the transition, any checks sent to CEQA prior to the invoice will be applied as partial payment for the appropriate invoice. Barring any major negative results from the pilot evaluation, full implementation can begin July 1, 1999.

Evaluation Method

Evaluation of the expanded invoicing procedure will have several dimensions. First, satisfaction surveys will be sent to the pilot agencies. Second, data collected by Internal Administration will determine the number of payments received prior to the invoice mailing and the number of refunds issued. Internal Administration will monitor the Governmental Accounting Financial Reporting System (GAFRS) aging reports will be monitored to verify time lapse between course and payment receipt dates. Finally, the CEQA monthly reports for the pilot period will be compared to the reports for the same time period last fiscal year. Process improvement will be watched and documented.

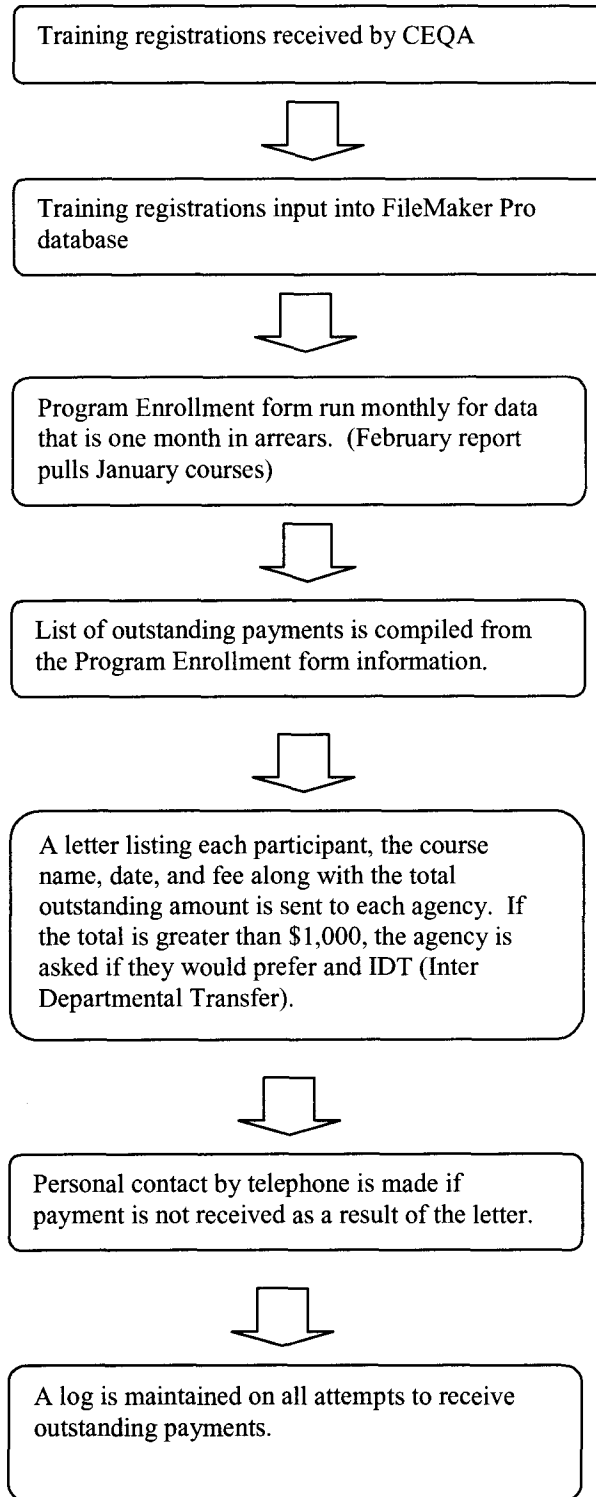
As a follow-up, a comparison will be done between fiscal year 1997-1998 and fiscal year 1998-1999.

In order for OHR and its' customers to reap optimum benefits of undergoing a change, unexpected obstacles must be examined early, discussed, and modified as a group effort.

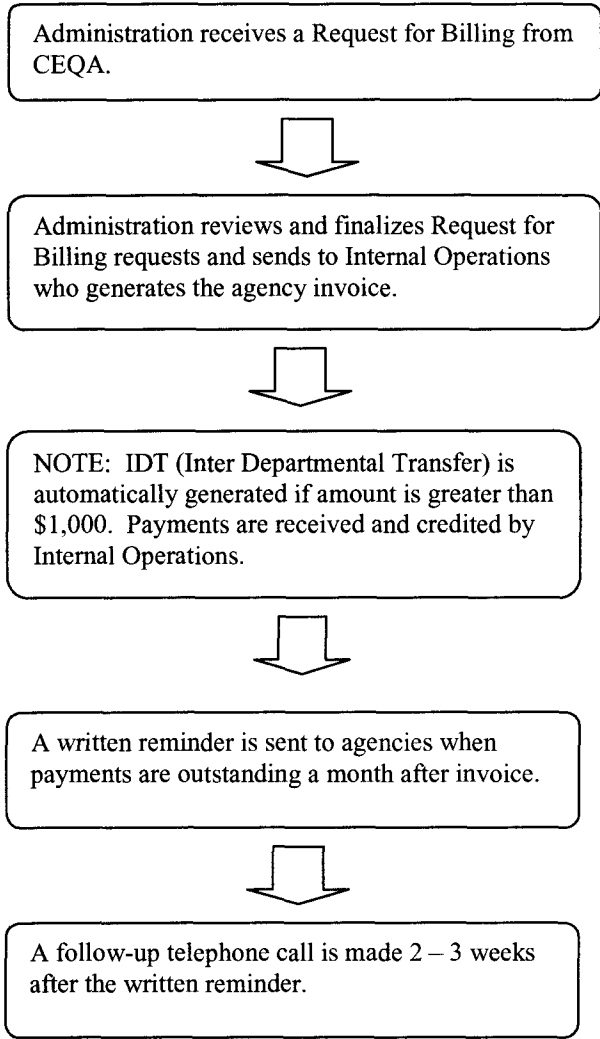
Timeline

Time	Action	Resources
September 1998	Outline current registration process in its entirety. Define problem areas and contributing factors.	Cheryl, Holly, Patsy
October 1998	Narrowed focus to open-enrollment and in-house payment/collection process. (Appendix 2 and 3) Gathered course information. (Appendix 5)	Cheryl, Holly, Patsy Pam, CEQA database
November 1998	Identified information needed from Registrar. Formatted Excel spreadsheet Gave copy of spreadsheet to Registrar administrator. (Appendix 6)	Cheryl, Holly
December 1998	Developed potential Standard Operational Procedures for receivables.	Cheryl, Holly, Patsy
January February 1999	Review SOP's with Internal Administration and CEQA. Notify pilot agencies.	Cheryl, Holly, Appropriate CEQA staff
March April May 1999	Pilot new procedure with agencies.	
June 1999	Evaluate procedure pilot.	Cheryl, Holly, Patsy, CEQA
July 1999	Full implementation.	

Current CEQA Open-Enrollment Receivables Process



Current CEQA In-House Receivables Process



S.C. BUDGET AND CONTROL BOARD
GAFRS

REQUEST FOR BILLING/INVOICE TRANSMITTAL FORM

TO: Internal Operations-Accounts Receivable

FROM:

Office _____	Section _____
Submitted By _____	Date _____
Phone # _____	Phone # _____
Authorized By _____	Date _____
Phone # _____	Phone # _____

I. REQUEST FOR BILLING

BUC _____ OBJ _____

SUB _____ Vendor# _____ DTL _____

INVOICE TO: _____

Name _____

Address _____

ITEMS	QUAN	U/M	DESCRIPTION OF GOODS OR SERVICES	UNIT PRICE	TOTAL PRICE

() Additional documentation attached for mailing.

II. INVOICE TRANSMITTAL

Total No. of Invoices _____ Beginning Inv. No. _____

Total \$ Amt. of Inv. _____ Ending Invoice No. _____

Invoice Nos. To Be Voided: _____

Reason For Voiding: _____

CEQA Fiscal Year 1997-1998

	Month	# Courses	# Participants	# Agencies	
Open- Enrollment	July-97	0	0	0	
	August-97	1	20	10	
	September-97	3	46	27	
	October-97	7	135	32	
	November-97	2	26	9	
	December-97	5	114	18	
	January-98	2	38	14	
	February-98	4	66	17	
	March-98	3	64	29	
	April-98	5	104	25	
	May-98	6	121	32	
	June-98	5	11	26	
		TOTAL	43	745	239
		Month	# Courses	# Participants	# Agencies
In- House	July-97	2	39	6	
	August-97	3	54	7	
	September-97	4	52	5	
	October-97	5	69	6	
	November-97	4	50	3	
	December-97	7	131	11	
	January-98	7	133	8	
	February-98	4	61	9	
	March-98	8	202	12	
	April-98	6	98	11	
	May-98	9	144	15	
	June-98	6	97	3	
		TOTAL	65	1,130	96
		ANNUAL TOTAL	108	1,875	335

CEQA Invoice(s) Requests

(F) Name	(L) Name	SSN	Agency	* Type	Course	Course Date(s)	Fee	Comments
*O/E, I/H, SOS				Appendix 6				

MEMORANDUM

To: Sam Jones
From: Patsy Powell
Date: September 8, 1994
Re: OHR Support Functions

Several support functions in our Office are not currently being performed efficiently due to the loss of staff this year. The problem stems from unfilled vacancies in the CEQA and Compensation program areas. The terminations of Charles Matlack, Laney Strickland and Lisa Jordan have resulted in support duties that can not be absorbed by the program area staff due to their already heavy workloads.

Problem support functions caused by Charles's retirement are processing open enrollment checks and refunds, in-house and sale of services invoicing, revenue collections and revenue reporting to program managers. The majority of CEQA's funding is from revenue sources. Without the staff to collect the dollars and report revenues and number of participants for each training program, management can not make informed and effective decisions.