

CERTIFIED PUBLIC MANAGER PROJECT

INVOICE SUBMISSION AND PROCESSING TRACKING IMPROVEMENT PROCESS

BY

Francine Miller

South Carolina Department of Health and Environment Control

301 Gervais St, 4th Floor

Columbia, SC 29201

Submitted March 10, 2019

The Department Health and Environmental Control (DHEC) is a state agency whose operations are overseen by the S.C. Board of Health and Environmental Control. The Board consists of eight members, one from each congressional district, and a Chairman from the state at large appointed by the Governor, upon the advice and consent of the S.C. Senate. The seven congressional district Board seats have staggered four-year terms.

The Board is empowered to make, adopt, disseminate and enforce reasonable rules and regulations for the promotion of public health and the reduction, control and prevention of pollution. For a complete description of the Board's legal authority and makeup, please see [S.C. Code of Laws, Section 44-1-20](#).

The Division of Contracts within DHEC is responsible for the management of contractual relationships for the South Carolina Department of Health and Environmental Control. All exempt contracts entered into by the department contain a set of measurable and objective performance standards by which the Contractor's performance is evaluated.

The Division of Contracts is also involved in the following:

- Preparing and negotiating the contracts
- Processing the contract for review and approval
- Processing, inspecting and approving invoices
- Tracking the provider's expenditures
- Developing of annual plans addressing the cycle of monitoring services
- Consultative and technical assistance to department staff and providers on contract-related issues

PROBLEM STATEMENT

The Division of Contracts has the responsibility of tracking contract expenditures and submitting the invoices to Account Payable (AP) for processing through the South Carolina Enterprise Information System (SCEIS). The invoice approval and routing process steps that precede the submission to AP is currently a manual process. The agency does not currently have a mechanism in place that will provide DHEC Program Areas or Community Partners with status updates regarding the invoice processing cycle that is visible to all parties.

The improvement of the expenditure tracking and invoice processing would improve relationships with Community Partners by ensuring the timeliness of payments for services rendered. The process improvement would also allow the agency to track key performance indicators. This improvement would identify bottlenecks in the process, improve accuracy and increase productivity. The improvement will set the stage for a process that is currently not measured or tracked at the agency.

The current invoice approval process and expenditure tracking process is done manually. The process improvement of the routing of invoice from receipt to AP submission will provide transparency between the Division of Contracts and the DHEC program areas. This change in process will allow DHEC Program Area's a mechanism to ensure that invoices submitted by DHEC Community Partners are processed timely and as well as provide accurate data regarding the status of payment for invoices. This potential process improvement will align with DHEC's Core Value of "Inspiring Innovation: We encourage and empower our teams to find creative solutions to promote and protect the public and the environment". Ensuring that invoices are submitted and routed in a timely manner will ensure that Community Partners are paid for services

rendered to DHEC Clients timely. This improvement will continue to foster key relationships that are critical to the Agency's mission to provided needed services to the Citizens of South Carolina.

INVOICE SUBMISSION AND PROCESSING TRACKING PROCESS IMPROVEMENT DATA COLLECTION

The Department of Health and Environmental Control (DHEC) Division of Contracts would greatly benefit from the focus on improving or tracking the invoice submission and routing process. Beginning September 1, 2018 through November 30, 2018 I have gathered all invoices received by the Contract Administrators in the Division of Contracts. The initial information collected has been logged on an excel spreadsheet in an effort to obtain the total number of invoice submitted for processing. The data includes the date of receipt and date submitted to Accounts Payable (AP) for processing. This information will provide insight on providing invoice routing from receipt at DHEC to submission into the South Carolina Enterprise Information System (SCEIS) for processing by the Comptrollers General office.

DHEC Contractor's currently submit invoice by mail, email, or fax. I have gathered data from the months of September through November 2018. I will analyze the data to determine the frequency of invoices submitted timely as outlined in each contract, the frequency of late invoices, the program approval timeframe, the date the invoice is submitted to Contracts for verification and submission to AP. This information will provide patterns and trends in the invoice processing cycle. This information will be used to determine solutions to improve the tracking and workflow of invoices.

Steps to improve the process will include detecting trends in the data in order to improve the invoice submission process workflow. I also plan to share this information with internal DHEC stakeholders as a means to provide data regarding the effort to improve the agency invoice workflow process. These steps will effectively identify opportunities and determine the right course of action when facing potentially conflicting outcomes. This outcome will also highlight that timely invoicing processing is a powerful tool in optimizing relationships within the Contractor community.

THE CURRENT DIVISION OF CONTRACTS INVOICE PROCESS

Invoice payments for contract agreements are made through SCEIS (South Carolina Enterprise Information System). All invoices must be approved for payment by the DHEC Program Area (hereafter referred to as Program) prior to submission for reimbursement. The State of South Carolina payment terms are Net 30 days. The Contractor can expect a check 30 days after the date of invoice submission.

The DHEC Program must review the invoice for accuracy to ensure the Contractor meets the terms outlined in the contract. Once that is done the Program will approve the invoice for processing. The approved invoice is forwarded to the Division of Contracts Administrator. The Contracts Administrator will review the invoice for accuracy and also ensure that the invoice was approved by the program as well as document the payment request to ensure the payment does not exceed the agreed upon budget. Once that is complete the Contract Administrator will submit the invoice to Accounts Payable (AP) for processing through SCEIS. **See Appendix A** (https://uperform.sc.gov/ucontent/4aa4560481d542a4aad639530e8696cc_en-US/index.pdf)

DATA ANALYSIS

The Division of Contracts has approximately 717 active contracts in which the Contract Administrators are responsible for processing invoices. The frequency of invoice submission varies with each contract. The frequency can include the following: monthly, quarterly, bi-annual, annually or as invoiced. The varied frequency of invoice submission makes it challenging to determine the true percentage of accurate invoices submitted on a monthly basis.

MONTH	NUMBER OF INVOICES SUBMITTED
September 2018	97
October 2018	374
November2018	413

The numbers for September compared to November and December are very low. A contributing factor would be the time off for State Employee's in September due the Hurricane weather emergency. The overall data analysis shows that for the most part the Contracts staff is able to meet the required two-day invoice submission standard. However, the Contracts staff does not have control over ensuring that Contractor's submit invoices as outline in the agreed upon Contracts. The Contractor is the customer of the DHEC program area. Another barrier is that the Contract Administrator's does not have control of how long the invoice is in the Program Area prior to submission to the Division of Contracts for processing. **See Appendix B**

POSSIBLE SOLUTIONS

The Division of Contracts can be more proactive by implementing a method of sending each Program Area Contact a reminder of upcoming invoices that are due on a monthly basis.

The Division of Contracts can use a spreadsheet to track invoice due dates. The Contract Administrator can generate a query each month of all invoices and the due date for the invoice. The Agency can form a team of internal stakeholders to research possible alternative methods to include electronic methods that will allow Contractor's to submit invoice that would be conducive for all areas involved throughout the agency.

The Agency should also research the possibility of an electronic system that will flag all parties involved if an invoice is not submitted before or on the invoice due date. My proposal for improving the invoice submission and tracking process would be to assemble an agency workgroup. The group should be composed of Program Area Representatives, Budgets, Account Payables, Information Technology, Upper Management, Project Management and Contracts. Each area that would be affected by the change should have a representative. Each area has a set of standard operation procedures that would require consideration during the improvement process planning.

The problem statement and data should be presented to the workgroup. The workgroups task should include mapping the step-by-step improvement proposal. It would be desirable to implement the new process at the beginning of a new state fiscal year so that data can be compared on a fiscal basis.

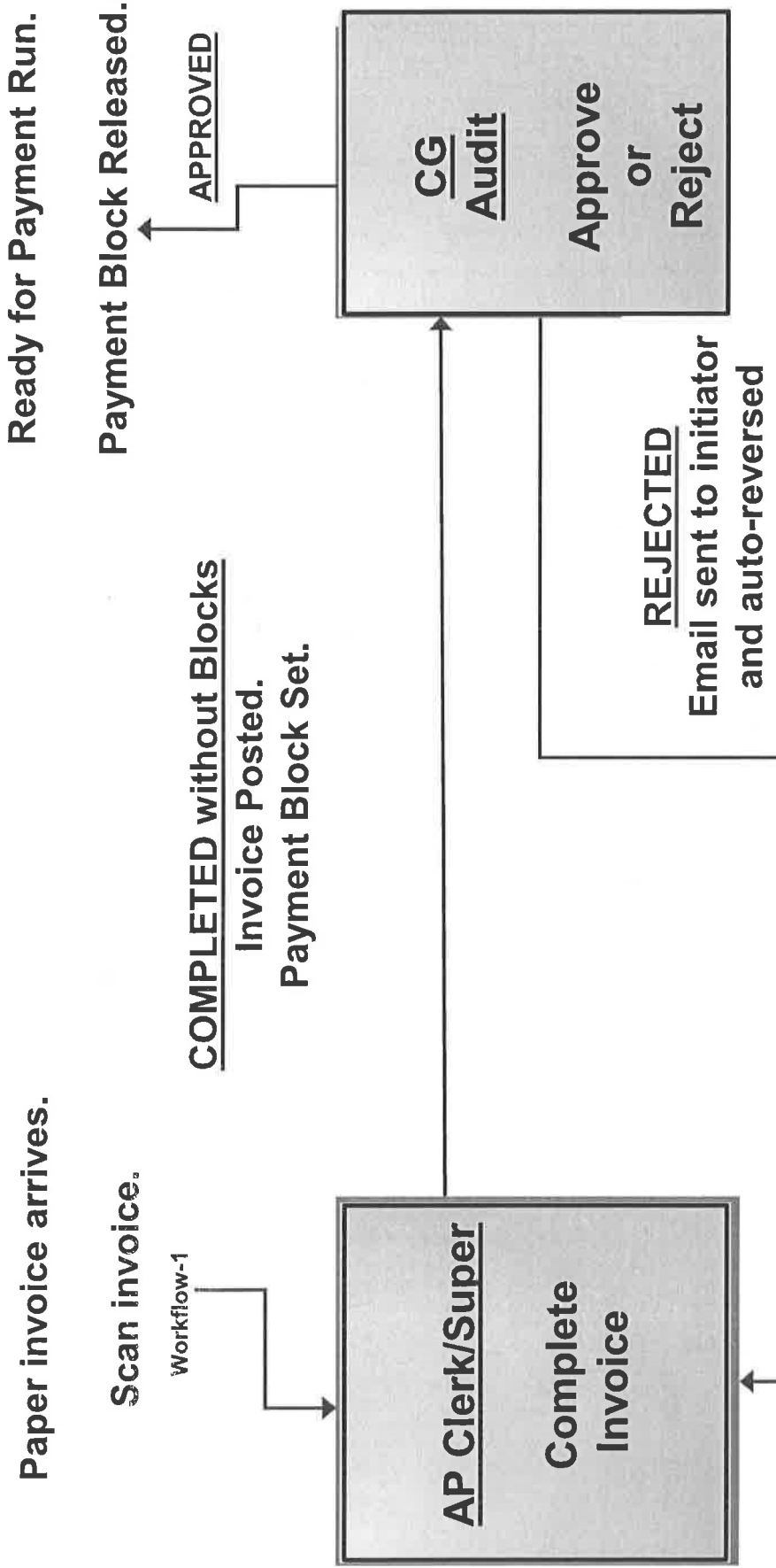
Obstacles that maybe encountered during the process would include conflicts with team schedules due to other competing work requirements and previously scheduled events. There could also be a conflict of interest as well as resistance to change. A major obstacle would be the integration of a possible new system with existing systems within the agency. All of the listed would require research and planning.

SUMMARY

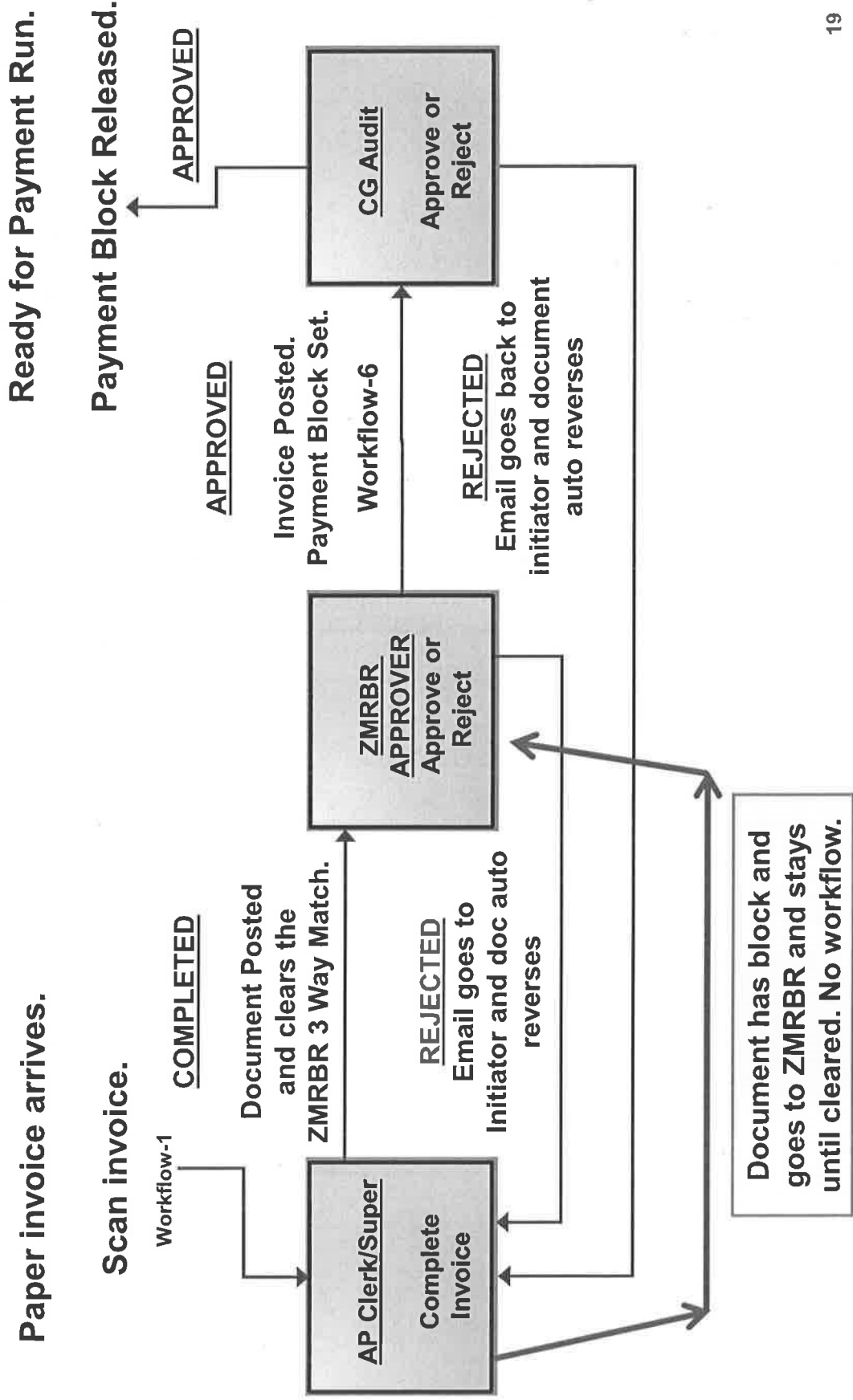
This is a great opportunity to measure and improve the effectiveness of DHEC ensuring that Community Partners are paid for the invaluable services rendered in a timely manner. An improvement in the process will also provide a mechanism to develop accurate performance measures and helpful agency reports. One of the most beneficial tools agency wide would be the ability for all parties involved to have transparency. This would also greatly improve relations with Community Partners.

APPENDIX A

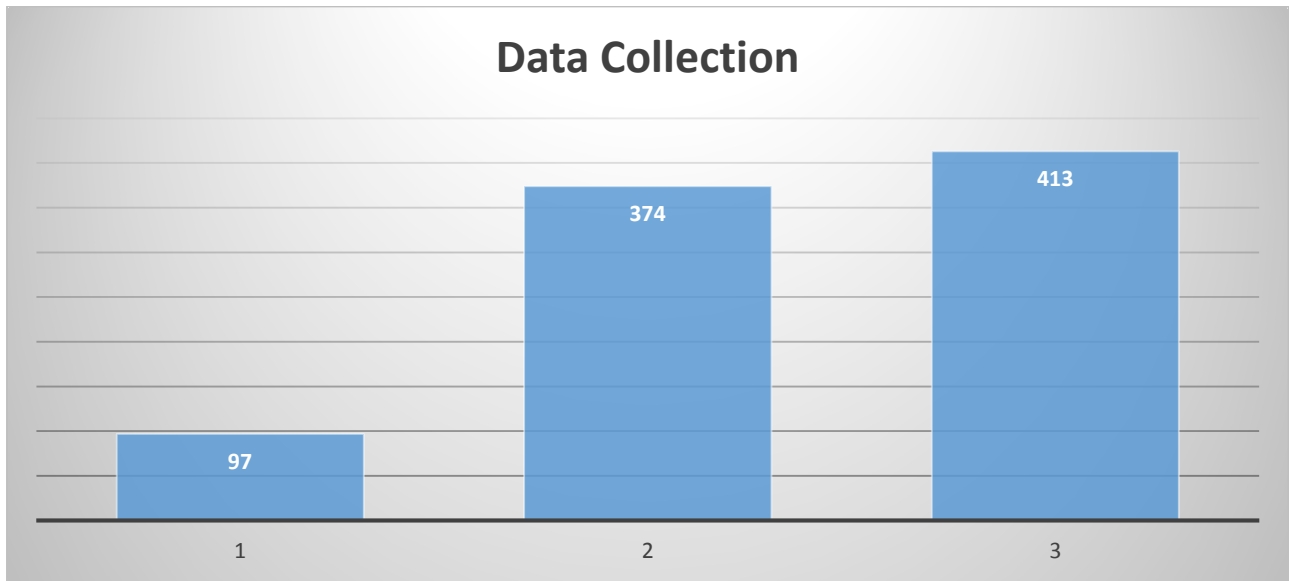
AP Workflow Flowchart – POs Without Supervisor Workflow



AP Workflow Flowchart – POs With Supervisor Approval



APPENDIX B



Column 1 = September 2018

Column 2 = October 2018

Column 3 = November 2018

MONTH	Total Number of Days in Range	Total Number of Monthly Invoices Received	Average Days to Process Invoice
September	202	97	2.08
October	111	374	3.37
November	359	413	1.15

