

Accounts Payable Matrix
For the
South Carolina Department of Health and
Human Services

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Introduction:

The South Carolina Department of Health and Human Services is the Agency designated to administer and manage the Medicaid program for the state of South Carolina. The mission of the Agency is to purchase the most health for our citizens at the least possible cost to the taxpayers. The goals of the Agency are:

- Provide a consumer driven benefit plan that improves beneficiary health
- Provide a credible eligibility process
- Provide value-added administrative support

We can accomplish these goals by following the core values as outlined by the Agency:

Serve.

- **Service:** We are dedicated to service; we will place others first.
- **Excellence:** We are committed to constant improvement and will persevere in achieving quality with efficiency.
- **Response:** We will be alert and react quickly to the needs of those we serve; we embrace opportunities to improve our processes.
- **Value:** We will ensure that all of our decisions and actions will be measured by the value they return; we guarantee honest and open measurement of outcomes.

- **Everyone**: We are a team; every employee is involved in our success; we believe in servant leadership and empowering employees to solve customer problems; as a team we will encourage and hold each other accountable. ¹

The Division of Accounting Operations, Accounts Payable department, strives to meet these values as well. The department seeks excellence in service while giving the best possible value. The department processes everything from phone bills, copier leases, administrative contracts, supply orders, and travel reimbursement to employees.

Problem Statement:

The South Carolina Department of Health and Human Services currently does not have a method of tracking the productivity of its accounts payable analysts. The Agency uses the Statewide Accounting System, SAP, to process all invoices received. There are several reports available in SAP that can be utilized, but there aren't any that tie the number of invoices processed daily to the responsible SCEIS user. SCEIS is the Agency responsible for maintaining SAP, and I will use these acronyms synonymously throughout this document.

Without means for management to easily measure activity within the Accounting Operations Division, it is difficult to determine at what level the staff is functioning, whether the division is properly staffed, and whether workload is evenly distributed. Additional questions that can be answered from the creation of the metrics are how

¹ SC Department of Health and Human Services Values

many invoices are being processed, what types of invoices are being processed, and whether the invoices being processed are finalized in a timely manner.

Project Research:

Each analyst has an assigned set of vendors whose invoices they process. Invoices are received in the Accounts Payables Inbox, invoices@scdhhs.gov. The Fiscal Technician prints, stamps and logs the invoice to confirm receipt. The technician then scans the invoice into SAP before distributing the invoice to the assigned analyst. Once the assigned analyst receives the invoice, they will verify that the funding is available for payment and send an email to the program contact requesting payment approval. The program contact will send the invoice back with a signature of approval or send an email stating that the contract is approved for payment. Each analyst will keep a spreadsheet for each contract listing the invoice date, invoice number, invoice amount, dates of service, date processed, and voucher number. This will help the analyst keep track of each invoice received and the balance left on either the funds reservation or purchase order. After the analysts process the invoices, they will update and print their spreadsheet to put in the contract folder. The folder is then given to the supervisor to confirm payments are current and all expenditures are being tracked for the entire contract period.²

The previously referenced procedures are related to processing contractual payments. Direct pay invoices and invoices associated with travel are handled a little

² Desk Procedures – Contractual Payments

differently, but the steps for entering the invoices into SAP are the same and can be tracked using the same reports I used while researching for this project.

I pulled various reports from SCEIS using the Business Warehouse tool. I used these reports to gather historical data to make year-to-year comparisons. These reports include the Shopping Cart to Invoice Activity report and the FI Vendor Invoices report. I also pulled the document list (ZAGY_DocList) from SAP ECC, which is the real-time production module. I also gathered a list of Document Types and Document Number ranges used by the system. These lists assisted me with breaking out the documents actually produced during the payables process from other documents produced by the Agency.

I completed my interviews with management to document the matrix elements they wished to have tracked. I interviewed the payables staff for documenting the current procedures for processing documents through the system. I compiled information from the different reports I pulled from SCEIS. Since the reports contain different data elements needed for analysis, I needed to compare each source of data separately. SCDHHS has their own version of Business Objects (Bobj). During my research, I learned that it is possible to upload Excel spreadsheets into Business Objects. Queries can be set up to extract the data elements needed from the uploaded files and a custom report can be built.

Data Analysis:

I ran the shopping cart to invoice report in Business Warehouse for State Fiscal Years 2016, 2017 and 2018. This report tracks information from the time a shopping

cart is created, to the creation of a purchase order, to the time a goods receipt is received and when the invoice is paid. The two items I focused on from this report were the date the goods receipt was posted and the date the invoice was posted. This gave me an indication of whether invoices were being processed in a timely manner.

Figure 1.1 is a chart showing the number of days taken to pay an invoice from the time a goods receipt is posted in the system for state fiscal year 2016. Figure 1.2 is a chart showing the number of days taken to pay an invoice from the time a goods receipt is posted in the system for state fiscal year 2017, and figure 1.3 is the same information for state fiscal year 2018.

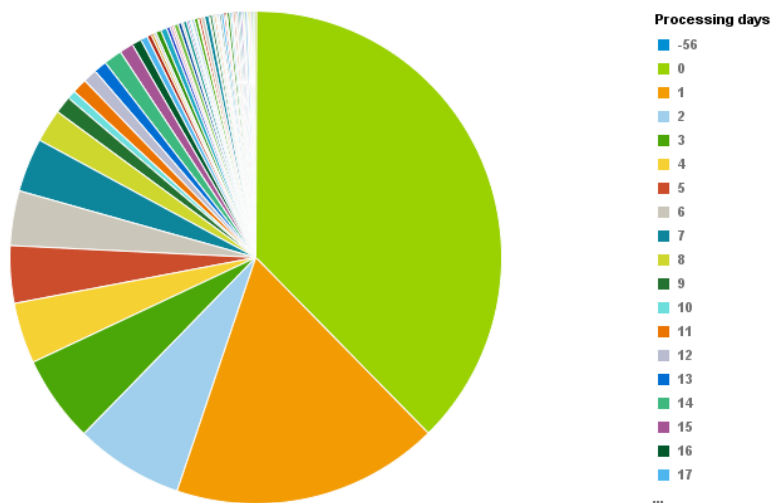


Figure 1.1 SFY 2016

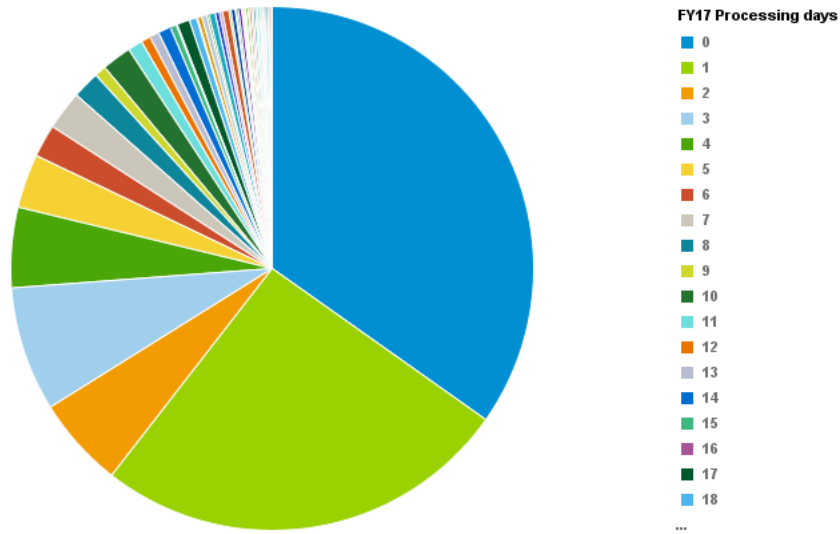


Figure 1.2 SFY 2017

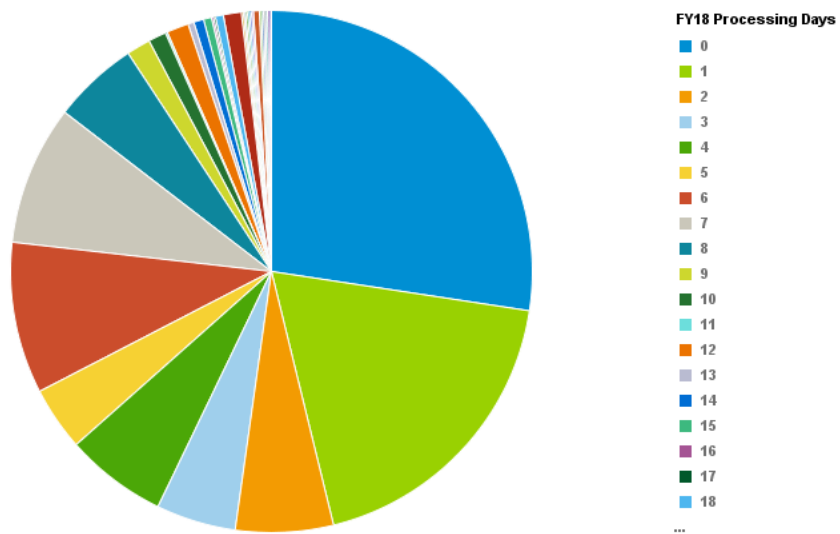


Figure 1.3 SFY 2018

In a comparison of data collected for three fiscal years, the charts indicate that analysts are consistent in processing a majority of the invoices within seven working days of receiving the goods receipt. In SFY 2016, seventy to seventy-five percent of the

invoices were processed within five working days of receiving the goods receipt. Approximately forty percent of those were processed on the same day as receiving the goods receipt. In SFY 2017, seventy-five to eighty percent of the invoices were processed within seven days of receiving the goods receipt. Approximately thirty-five percent of those invoices were processed on the same day the goods receipt was posted. In SFY 2018, about eighty percent of the invoices processed have been completed within seven days of the goods receipt being posted. Approximately thirty percent were processed on the same day the goods receipt was posted. It is important to note that SFY 2018 was fifty-eight percent complete at the time data for this project was compiled.

I ran a report in Business Warehouse to track all invoices processed by the accounts payable department for state fiscal years 2016, 2017 and 2018. Figure 2.1 is a chart showing the comparison between the three fiscal years. In SFY 2016, the department processed 21,211 invoices. In SFY 2017, the department processed 22,031 invoices. As of January 31, 2018, the department had processed 12,397 invoices.

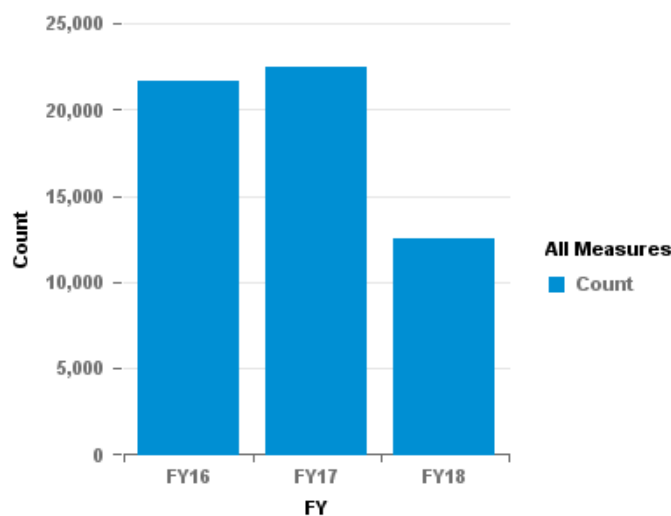


Figure 2.1 Comparison for Fiscal Years 2016, 2017 and 2018

I ran a report in SCEIS to extract a listing of documents processed by individual users. This is the only report I was able to pull that identified the analyst who processed the invoice. Figures 3.1, 3.2 and 3.3 shows each user and the number of invoices they processed for each respective year. Again, SFY 2018 is an incomplete year of data. SFY 2018 also indicated a turnover in staff from the previous years.

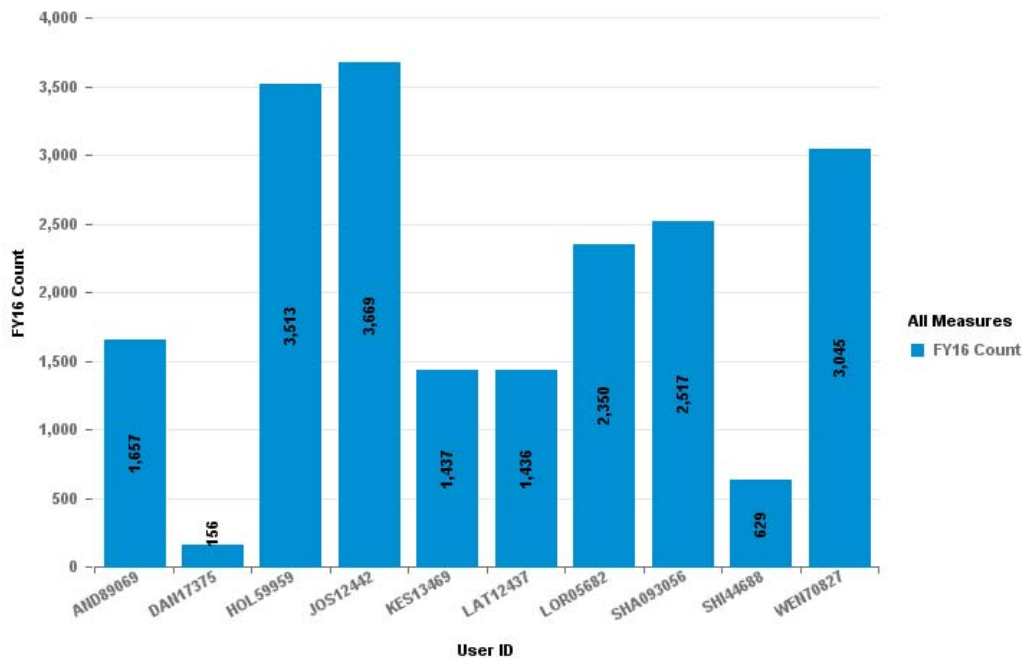


Figure 3.1 SFY 2016

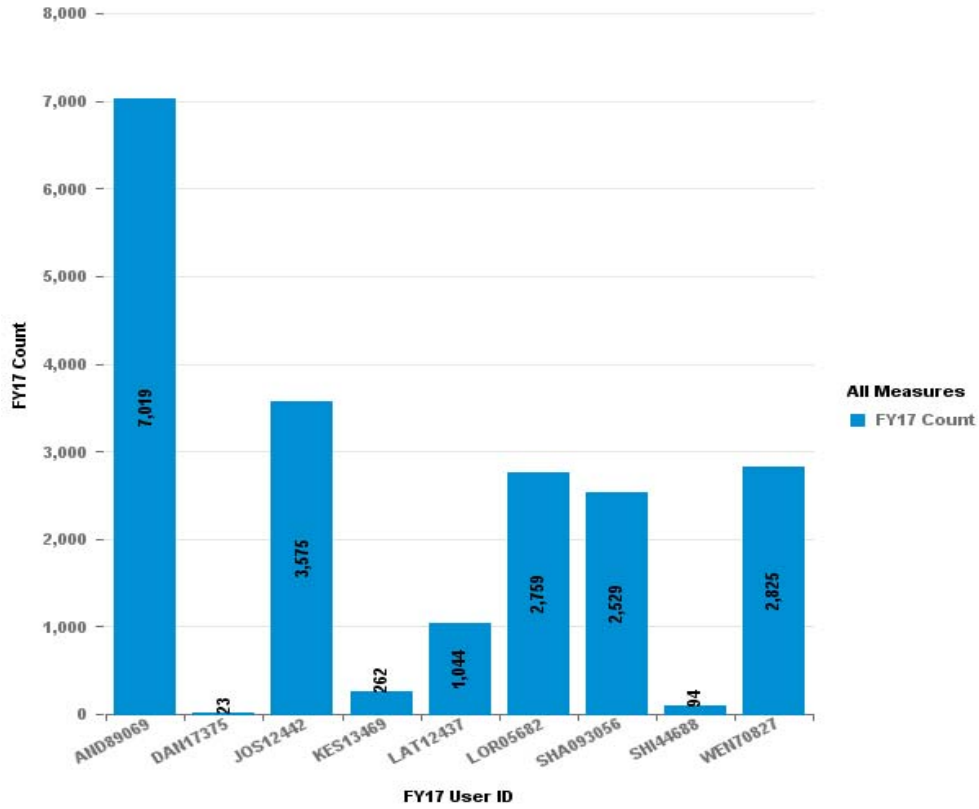


Figure 3.2 SFY 2017

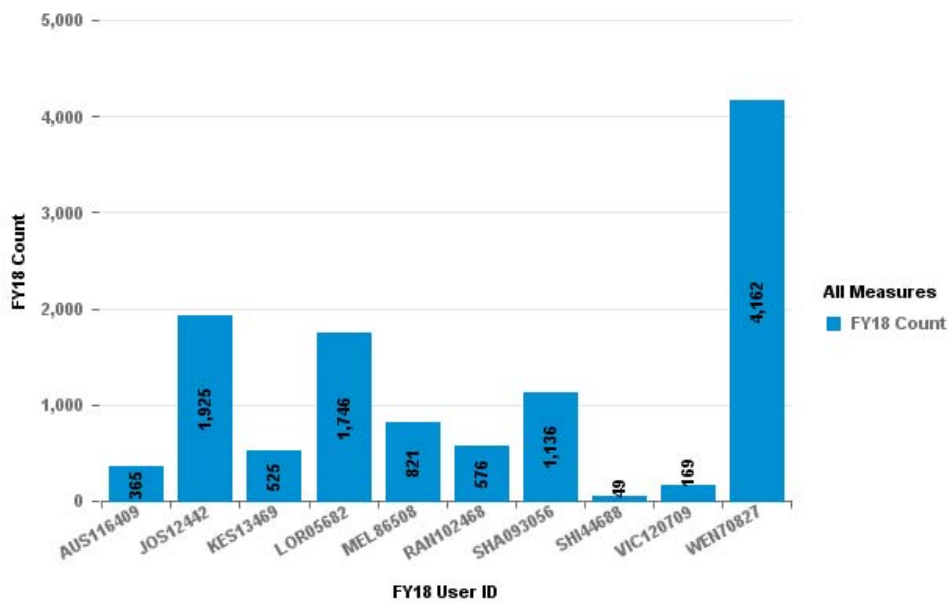


Figure 3.3 SFY 2018

Implementation Plan:

Since this project was done at the request of the Director of Accounting Operations, I will provide the results of my research to her. To implement this process I will schedule training for the managers in the accounts payable department to set up and pull the reports I used from SCEIS. I will also coordinate the training session with the managers and the Agency Business Objects administrator for uploading the reports into Bobj.

There should be minimal cost associated with implementing this process, as it only requires updates to the job duties of the managers who report to the Director of Accounting Operations.

Summary and Recommendations:

The reports used to create these charts contained other data that can be used by management. These charts all were compiled on an annual basis. My recommendation to the Director of Accounting Operation will be to include this process as a regular duty for the Accounts Payable Managers who report directly to her. Reports should be pulled based on the reporting period. This will allow managers to monitor their A/P analyst's activity on a monthly basis. By monitoring activity on a monthly basis, the manager will be able to address any issues that may arise during the payment process, such as a delay in the program area returning approval for payment.

I will also recommend that the Director utilize these reports to include other departments that fall under her. This will provide a monitoring tool that will provide valuable information as to whether the departments are staffed at a level that operates most efficiently to effectively meet the goals and mission of the Agency.

To determine the success of my project, I will distribute a survey to the Director of Accounting Operations and the managers in the Accounts Payable department. The survey will evaluate how well the results found in the report address the questions brought forth in the problem statement. Additional questions I will ask the Director of Accounting Operations are if this report met her expectations and how likely will she be to expand this reporting method to the other departments who report to her.