

# Strategic Lean Project Report



**For Reporting Period:** January 1, 2015, through June 30, 2015

## I. General Information:

Lead agency name: Department of Enterprise Services

Partner agencies: 30 Small State Agency clients of DES Finance

**Improvement project title:** Timely Payment Rate for Vendor Invoices

**Date improvement project was initiated:** 7/1/2014

**Project type:** New Project

**Project is directly connected to:**

Results Washington performance measure

Agency Strategic Plan

Other

**If applicable, specify the alignment:**

Core Process: Provide financial management and business analysis services to DES and small agencies.  
Process Measure: % of on-time payments (target of 95%)

**Report reviewed and approved by:** Lynne McGuire, Deputy Director

## II. Project Summary:

The Department of Enterprise Services Finance improved the on-time rate for payment of vendor invoices for small agency clients, resulting in an improvement of timely payments from 74.9% in Q1 of FY15 to 88.5% in Q4.

## III. Project Details:

**Identify the problem:** OFM sets the performance standard for on-time payments of vendor invoices at 95%. DES processes and pays vendor invoices on behalf of 30 small agencies. The payment of these invoices for small agencies not only requires efficient processing in DES Finance, but is also dependent on timely receipt of those invoices from our process partners in small agencies. While DES Finance has an on-time performance rate of 98.7% for payments received timely, the overall on-time performance rate for payments to vendors on behalf of small agencies was only 74.9% at the beginning of FY15.

**Problem statement:** Currently, at the beginning of FY15, the on-time payment rate for vendor invoices from small agencies was 74.9% compared to our target of 95%, which we want to reach by 6/30/2016.

**Improvement description:** The countermeasure implemented was to share the performance statistics with process partners in small agencies. To do this, the DES Finance Accounts Payable team established standards for data entry that would allow specific information to consistently be captured in the statewide accounting system, AFRS. These data entry standards allowed for the creation of reports that can be run directly from

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AFRS. These reports provide useful statistics for on-time performance of vendor payments. Sharing this performance information with our process partners in small agencies has led to significant improvement in the timely sharing of invoices with DES and, thus, timely payments to vendors. Overall on-time payment performance improved from 74.9% in Q1 of FY15 to 88.5% in Q4. This fiscal year, we will continue to work with our small agency process partners to improve the on-time performance to reach the OFM target of 95% for these payments.

**Customer involvement:** The improvement itself was to share performance information with process partners (30 small agencies who receive DES Finance services), so that they could participate in the effort to improve performance.

## IV. Project Details:

Improved process as measured by: <i>(Click those that apply)</i>	Specific results achieved: <i>(Complete the narrative boxes below)</i>	Total Impact: <i>(Actuals; Current Reporting Period)</i>	Results status:
<input type="checkbox"/> Safety			
<input type="checkbox"/> Cost			
<input checked="" type="checkbox"/> Quality	Increased on-time performance rate for vendor invoice payments done on behalf of small agencies from 74.9% for Q1 of FY15 to 88.5% for Q4 of FY15.		Preliminary
<input type="checkbox"/> Time			
<input type="checkbox"/> Customer Satisfaction		<input type="checkbox"/> N/A (or)	
<input type="checkbox"/> Employee Engagement		<input type="checkbox"/> N/A (or)	

## V. Contact information:

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## VI. Optional Visuals:

### SAFS Vendor Payment Performance

All Agencies FY15

	Q1 Jul-Sep	Q2 Oct-Dec	Q3 Jan-Mar	Q4 Apr-June	Total
Total Invoices Paid	7103	6528	5958	4036	23,625

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Received With at Least 7 Days Before Due Date	4715	4560	4546	3255	17,076
	66.4%	69.9%	76.3%	80.6%	72.3%
On Time Payment When Received Timely	4639	4476	4503	3241	16,859
	98.4%	98.2%	99.1%	99.6%	98.7%
On Time Payment Total	5321	5193	5017	3570	19,101
	74.9%	79.5%	84.2%	88.5%	80.9%
Past Due Upon Arrival at DES	1098	794	665	313	2,870
	15.5%	12.2%	11.2%	7.8%	12.1%