

Detailed Lean Improvement Project Report

For the January 1, 2016 through June 30, 16 reporting period



Agency name:

The Department of Financial Institutions (DFI)

Improvement project title:

Division of Credit Unions Asset Assessment Improvement Project

Date improvement project initiated:

On June 24, 2015, staff held a kickoff meeting to discuss project goals and create a timeline for project implementation.

Project type: LEAN Efficiency

Project is directly connected to:

- Agency Strategic Plan

If applicable, specify the alignment:

GOAL 4: Optimize agency effectiveness by leveraging resources and technology.

Objective 4-1: Continually improve processes, products, and services for DFI customers and staff.

Strategy 4-1-7: Continue to explore, develop and implement tools that reduce time, effort, and risk associated with discovery and public records requests.

Objective 4-2: Continually identify and mitigate risks to the agency.

Strategy 4-2-2: Evaluate secure processes for collecting, sharing, and using data from our regulated entities that contain personally identifiable information (PII).

Strategy 4-2-3: Apply appropriate security practices to protect privacy and prevent the inappropriate release of sensitive information.

Report reviewed and approved by: Gloria Papiez, Deputy Director

Project Summary:

The DFI, Division of Credit Unions (DCU) receives all of its operating revenues from asset assessments it charges regulated credit unions. Prior to the start of the asset assessment improvement project, DCU collected asset assessments from its state chartered credit unions on a quarterly basis, and did so in a cumbersome pull-through ACH transaction process. The new asset assessment collection process is done semi-annually, instead of quarterly, and state chartered credit unions push through their payment to DCU

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For the January 1, 2016 through June 30, 16 reporting period



either using ACH or credit card. The benefits to the new streamlined asset assessment collection process are as follows:

1. The process is only done twice a year instead of four times a year. This saves time for both credit unions and DFI.
2. Confidential credit union account information is no longer kept by the DFI Division of Credit Unions in its database files, because credit unions pay online to a third party vendor (US Bank).
3. Eliminating the pull-through ACH and pre-note collection process reduced the amount of time needed by DCU, IT, and Fiscal staff to complete the asset assessment collection process.
4. The LEAN value stream mapping process helped eliminate unnecessary and duplicate steps, resulting in efficiencies and reduced overall processing time.
5. Eliminating the pull-through ACH and pre-note collection process, and having credit unions pay online, reduces the amount of potential errors in the assessment payment/collection process.

The objective of this project was to eliminate the cumbersome, less efficient quarterly pull-through asset assessment process, whereby DCU generated an ACH to collect the asset assessment fees from its 56 state chartered credit unions and replace it with an easy-to-use semi-annual online payment process whereby credit unions make payment directly to US Bank, who then credits a DFI/DCU account. The LEAN project resulted in a better, more efficient automated process, which has reduced overall collection time significantly, reduced potential errors, and eliminated the need for DFI/DCU to keep confidential credit union account information in its database files.

Details:

Description of the problem:

Prior to the completion of this LEAN asset assessment improvement process a cumbersome and inefficient ACH process was performed quarterly to collect fees from approximately 56 + credit unions. Specifically, payments were received in the form of a quarterly ACH transaction in which DFI/DCU pulled the funds out of the credit unions' bank accounts. To ensure that payments were taken out of the correct credit union account, a cumbersome ACH pre-note process was implemented prior to the actual ACH funds transfer to ensure credit union account numbers and routing numbers were correct. The pre-note process would detect incorrect and inactive account and routing numbers and list them on an exceptions report. Staff members would then contact the credit union accounting department and get correct numbers, which would then need to be updated in the ACH transaction spreadsheet. Another pre-note would be done until there were no errors found in the pre-note listing. The pre-note process was lengthy and onerous for DCU staff to perform on a quarterly basis. Specifically, during the one month asset assessment ACH collection period (done four times a year), approximately four DFI FTEs played a part in the process. By changing the asset assessment payment/collection process only three DFI FTEs are involved in the process. Additionally, the asset assessment payment/collection process is now done twice a year instead of four times a year.

Detailed Lean Improvement Project Report

For the January 1, 2016 through June 30, 16 reporting period



Description of the improvement:

The following improvements were made by completing the DCU/DFI asset assessment improvement project:

- Reduced the number of asset assessment payments/collections in one year from four to two;
- Eliminated unnecessary and duplicate steps in the process;
- Reduced the potential for errors in the collection/payment process and the number of incorrect payment amounts; and
- Eliminated the need for confidential credit union account and routing numbers being kept in spreadsheets and databases.

How we involved customers or stakeholders (credit unions) in this effort:

As part of the new system testing process, we invited credit unions (both large and small) to test out the new online payment system prior to its full implementation. In January 2016, 100% of our state chartered credits paid online using the new payment system.

I. 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 checked="" type="checkbox"/> Safety	Avoided DFI/DCU no longer needs to retain electronic and paper files with confidential credit union routing and account numbers.	100% elimination of confidential credit union routing and account numbers held by DFI	Final
<input checked="" type="checkbox"/> Quality	Increased - Reduced the number of potential errors in the payment of the asset assessments, because assessments are now collected twice a year instead of four times a year, and credit unions are entering their payment information through an online system rather than DCU/DFI pulling the payment from the credit union via a cumbersome ACH payment and pre-note process.	Eliminated an Average of 1 pre-note reject (error) per quarter	Final

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<input checked="" type="checkbox"/> Time	Decreased – The measured time decrease from the value stream map for DFI/DCU was from 8 hours to 2.25 hours per assessment cycle. Because the annual number of assessment cycles dropped from 4 to 2, the total annual time saved was estimated at 27.5 hours .	27.5 hours saved annually	Final
<input checked="" type="checkbox"/> Customer Satisfaction	Increased – Customer satisfaction increased because the Credit Union now controls the timing and push through of the payment to DFI. Also, they no longer have to be available to verify the cumbersome pre-note process required when DFI pulled the funds from their account.		Final
<input checked="" type="checkbox"/> Employee Engagement	Increased - Employee satisfaction increased significantly because a four times a year cumbersome, time consuming and inefficient process was changed to a two times a year; and the process itself became more efficient and less time consuming.		Final

Contact person/s:

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