

Wisconsin Department of Transportation

Timely Payments to Vendors Lean Project Report



Project Summary

One of the responsibilities of the Bureau of Aeronautics is to pay invoices from airport development consultants and construction contractors for planning, land acquisition, design and construction. Project managers approve and submit invoices for payment. The Finance unit qualifies the invoice, determines the correct formula of combined federal, state and local grant funds and accesses those funds to make the payment.

The goal of this project was to shorten payment time without loss of quality. This facilitates our ability to communicate accurately with our customers about when they can expect payment so they can plan their daily cash flow.

This pilot project was completed on February 28, 2013.

Improvements

- Combined two forms into one for contractor payments, reducing staff time and paper consumption
- Contributes to reduced paper, as project managers will send pay estimates to contractors via e-mail, eliminating paper copy sent
- Eliminated items in coding box that can be found elsewhere on the invoice form, and reduced the time spent on coding

MAPSS Core Goal Area

- Service
- Accountability

Statewide Goal Area

- Customer satisfaction
- Cost of government

Issue

The current process to pay aeronautics invoices takes 20 to 30 calendar days. The payment of invoices to vendors has two phases, coding and payment. When invoices are received they are all coded in batches and then paid in batches ranging from five to twenty-five or more at a time. The business area has determined that batch processing invoices is the most effective use of staff time. All invoices are paid by Friday of the current week. However, looking through the current process some duplication of information has been identified.

- The project manager fills out a "pay estimate" form in excel and submits for payment
- The finance area fills out a "pay form" and uses information from the pay estimate to complete
- Half of the information in the "For Office Use Only" coding box needed to pay the invoice can be found on the invoice form

Lean Six Sigma Process

Using Lean Six Sigma methodology, the team described the current process used to code and pay invoices. The team identified areas of duplicate effort between the project manager and finance when making contractor payments. They found that the contractor "check request" form could be combined with the "pay estimate" form submitted by the project manager. Both forms contain most of the same information. Finance can add the information needed to pay the invoice on the pay estimate form when the contract is set up, saving time later when paying the invoice.

The team also determined that consultant invoice forms could be modified to eliminate redundant data entry, saving time with the coding process.

Results

Customer satisfaction: Have successfully met the target goal of completing payment of all invoices in 10 calendar days. Contractors rely on us to pay them in a timely manner so they can pay their sub contractors and staff. Eliminating one form reduces chances for error, saves paper, postage and staff time. Contractors will get notified earlier of the payment amount.

Cost of government: Upon full implementation the new process will save an estimated 78 staff hours annually, which will be reallocated to other priority activities. In addition, the electronic submission of documents to contractors will generate cost savings in paper supplies and postage.

Next Steps

The Bureau of Aeronautics has implemented a pilot of the improved process using a sample of airport projects. The bureau processes a higher volume of contractor invoices in the spring and summer, and will monitor and measure the results of the pilot airports during the upcoming construction season.