

Wisconsin Department of Transportation

Let Project Closeout Process Lean Initiative

Reduce Payroll Clear Date Lead Time Summary Report



Project Summary

The Division of Transportation System Development (DTSD) oversees highway construction projects statewide. One of the responsibilities of DTSD is to oversee the closing out of road construction projects and making final payment to the contractor.

The let project closeout process requires all payrolls and payments to be reviewed and cleared before the contract can be closed out and final payment made to the prime contractor.

During 2011 and 2012 a significant number of contracts, possibly greater than 50 percent, took more than six months to receive a "Payroll Clear Date."

The goal of this project is to reduce the lead time of 60 percent of all projects, from "Substantially Complete" to the "Payroll Clear Date," to 60 days in support of the six-month lead time goal for the let project closeout process.

Improvements

- Implemented process for assigning reasons why payrolls and payments are not reviewed weekly
- Reduced average lead time from "Substantially Complete" to "Payroll Clear Date" by 63 percent (165 days to 61 days)

MAPSS Core Goal Area

- Accountability

Statewide Goal Area

- Customer satisfaction
- Cost of government

Issue

During 2011 and 2012, only 30 percent of regional and local program construction projects closed within six months of all construction work being completed. The "Payroll Clear Date" lead time is a significant determining factor whether regional or local program projects are able to achieve the six-month let project closeout goal.

Of the let projects which had final estimates submitted in 2011 and 2012, the "Payroll Clear Date" lead time measured from "All Contract Work Complete" through "Payroll Clear Date" was greater than six months for 45 percent of the projects. An additional 28 percent of completed projects took three to six months to issue a "Payroll Clear Date." This means long "Payroll Clear Date" lead times were likely to have been a major impediment to the closeout process in 50 percent or more of all Let projects that did not closeout within six months of completion during 2011 and 2012.

Lean Six Sigma Process

- Created a current state process map
- Developed a timeline for achieving a "Payroll Clear Date" within a 60 day timeframe and incorporated it into the process map
- Utilized an interrelationship digraph to identify high leverage issues
- Utilized a two-by-two matrix to evaluate the effort versus impact for potential projects
- Identified time lag for notification of all project work complete as a significant contributing factor to long "Payroll Clear Date" lead times

Results

Cost of government: Reducing the average "Payroll Clear Date" lead time to 61 days helped realize a 54 percent reduction (307 days to 141 days) in the average lead time for the entire let project closeout process, outperforming the 180-day lead time goal. Fiscal year 2015 also saw 900 hours of process time saved and redirected toward other departmental initiatives.

Customer satisfaction: The team, advisory personnel and staff involved with the process indicated increased employee satisfaction due to the clearer goals of each step and a better understanding of the process itself.

Next Steps

- Update Project Tracking to include an automated e-mail to the Labor Compliance Officers when a project reaches "Substantially Complete" status. Update is scheduled to be implemented by December 16, 2013.
- Update "2015 Standard Specifications" and "Construction and Materials Manual" to be consistent with updated "Payroll Clear Date" process
- Document any reasons that prevent Labor Compliance Officers from reviewing payrolls and payments on a weekly basis over the next year in order to develop a deeper understanding of impediments to the new process