LEAN AGILITY

Employee Reimbursement Process
City of Ottawa Police

Review and Recommendations Report

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Lean Agility

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1.0 EXECUTIVE SUMMARY

In the spring of 2021, Rejean Landry from Lean Agility Inc. led a team of employees from the expense reimbursement group from the Ottawa Police Service (OPS) through a process mapping and review exercise. This report will summarize:

- Who participated.
- What was done in this mapping and review process.
- What the work-flow looked like at the beginning of this change project.
- What are the objectives of this change project.
- Recommendations for improvement in both the short and longer term
- Progress and results to date

1.1 PROCESS STUDIED

The Petty Cash process was chosen as the main process to study because it is used to reimburse travel expenses and used frequently. A few other reimbursement processes, that deal with other types of reimbursement, were added to the main map and studied as well. Only the unique steps of these extra processes were mapped and studied.

1.2 POSITIVE OBSERVATIONS

It quickly became clear that the processes studied are in very good control and the team members are dedicated to making them work well.

- Project team and stakeholders motivated and knowledgeable.
- Process is controlled and managed. Few to no delays are observed once a "completed" claim is submitted.
- Staff clearly dedicated and work very hard in this process.
- Strong sponsorship.

1.3 LIST OF RECOMMENDATIONS

1.3.1 Short Term

- Improve forms plus add some logic and e-signatures.
- New system for electronic storing and tracking.
- Create a travel tab on the intranet so claimants can find forms and instructions.
- Provide more training and provide better instructions and FAQ's, including what is the best way to handle multiple travelers on one credit card.
- Create a policy for the minimum payment (or refund) to avoid need to pay low value claims. ($ 5 may be reasonable)
- Charge personal credit card to process a refund.

1.3.2 Long Term

- City payroll take on payment of travel claims

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- Electronic forms for petty cash voucher and property damage claim.
- Create or purchase a cell phone app so members don't need to come into the office to file a claim.

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2.0 PROJECT DEFINITION

2.1 PROCESS STUDIED

The Petty Cash process was chosen as the main process to study because it is used to reimburse travel expenses and used frequently. A few other reimbursement processes, that deal with other types of reimbursement, were added to the main map and studied as well. Only the unique steps of these extra processes were mapped and studied. The extra processes are:

- Travel expenses with cash advances
- Invoice payment for small, one-time event
- Non-travel personal reimbursement
- Damaged personal property reimbursement
- Professional Development Center (PDC) new recruits

2.2 PROBLEM STATEMENT:

In the Employee Reimbursement Process:

- The current system is very manual and time consuming.
- All employee reimbursements use the petty cash process. Although this works acceptably, it is not an ideal process. For example, for the reimbursement of employee travel expenses, which is the most frequent use of the process, the petty cash process is very slow, complicated, and cumbersome.
- A lot of rework and delay are observed. The lack of expense approval and / or missing mandatory items / fields on the forms slows down the process and happens frequently (20-80% rework).

2.3 OBJECTIVES:

Build upon previous improvements to:

- Streamline the Petty Cash process to increase capacity and reduce cost.
- Design and implement a more automated form, Including E-signatures.
- Eliminate the occurrence of missing signature. i.e zero rework from missing signatures.
- Understand the path to integrate with the City of Ottawa payroll system.
- Define high level software requirements for integration with the City of Ottawa payroll system.
- Identify problems that will not be solved by integration to the payroll system.

2.4 PROJECT TEAM

- Sonia Bernier, Sr Finance Clerk
- Tatiana Green, Sr Finance Clerk
- Lisa Kelleher, Supervisor Financial Planning
- Jonathan Sweet, Manager Financial Planning (Sponsor)
- Rejean Landry (Facilitator)

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2.5 LEAN AGILITY'S MISSION AND ROLE

2.5.1 Mission

To equip government organizations to do their work faster, better and more efficiently by improving processes while engaging their people.

2.5.2 Lean Agility's Role in Your Project

Rejean Landry from Lean Agility Inc. will work with your project team in two phases:
Phase 1:
- Initial Consultation
- Mapping of initial flow and a Current State discussion
- Review of workflow for value-added steps and time wasters
- Introduction to Solution Planning
- Discussion of Projected Future State
- Multi-Day Improvement Workshop

Phase 2, Ongoing Work:
- Guidance of Project Coordinator in engagement, experiment execution and presentations

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3.0 CURRENT PROCESS

The following figures show the phases of the process with the main issues identified.

***To see the detailed current state map, please refer to Appendix B.

Figure 1

Figure 2

- Manual process to write check.
- Manual process to deposit check for claimant

- Paper claims
- Print and / or photocopy documents.

Process Check

Enter in Journal and Balance

Process in SAP

File Claim

- Batch processing.
- Very small delay.

ISSUES CHECK AND DO ACCOUNTING

Figure 3

- It is not officially part of our job.
- Complicated to get information.

Fill Claim Form for Claimant

Handle check or cash when money is returned

- Claimants don't know how to return money.
- Track claimants that don't return money.
- Manually keep records.

OTHER RELATED TASKS IN THE PROCESS

Figure 4

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3.1 PROCESS SUMMARY

Measure	Detail
Number of process steps travelled by a typical claim from start to finish.	20 steps.
Effort Time per claim.	Approximately 60 minutes of effort per claim.
Elapsed time	Elapsed time is very good for this process. Typically, most of the elapsed time come from when we wait for claimants to return information. When we have a completed file, the elapsed time is less than a day. When a file has an error and needs to be reworked, the elapsed time can easily be extended by 2-3 weeks.

3.2 FAILURE DEMAND / PREVENTALBE WORK

Typically, 10-40% of workload in a process does not add value but consumes staff capacity and time. This is called "preventable work". If the process can be improved, the demand for that work can be eliminated and the resources are freed to do value added work.

Here are the main "preventable work" opportunities that were found in the process.

Example	Detail	Estimated Preventable Work	Yearly Cost saving (using $ 43 per hour)
Requesting corrections and re-inspecting claims for a 2nd and 3rd time.	It take about 15 minutes of effort for each claim not completed properly.	**About 2.5 hours per day.**	**$ 27,950 per year**
Pre-review of claims to help claimant and filling forms for claimant	It takes about 30 minutes/claim to review a complex claim. It takes about 5 minutes to fill a simple claim.	**Max is about 30-45 minutes per month**	**$ 387 per year**
Recovering money when travelers owe us.	It takes about 10 minutes to process a check or money that is returned. We do it about 10 times per month.	**Max is about 100 minutes per month**	**$ 860 per year**

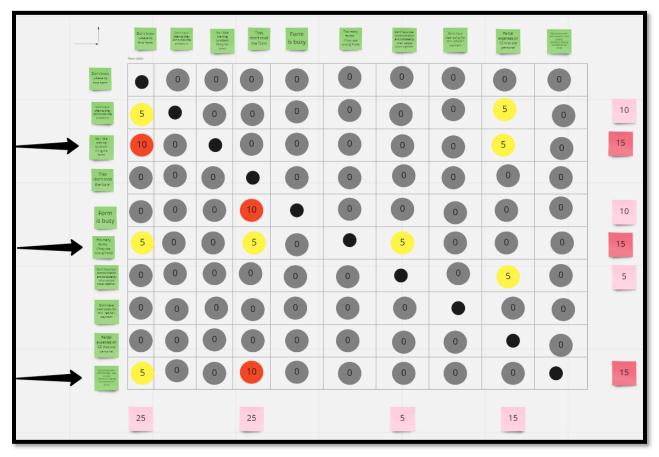LEAN AGILITY

3.3 OTHER COST SAVING

It was estimated that we can save approximately $ 2,000 per year in printer paper and toner which is roughly 50-60% of the total printer paper and toner costs.

3.4 ROOT CAUSES AND ANALYSIS

The top 10 causes, based on brainstorming with the team and voting on the top causes:

- Employees don't know where to find form.
- Employees don't travel often so they don't know the procedure.
- No / little training (problem filling the form).
- Employees don't read the form.
- Form is busy.
- Too many forms. (They use wrong from).
- We don't have clear communication and consistency when people travel together.
- We don't have clear policy for min. refund / payment.
- Partial expenses on CC that are personal.
- Busy people with shift schedule. Low priority. (delays in replying to problems on form).

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Interrelationship diagram: Which of the top 10 causes lead to the most other causes?

After an interrelationship diagram was created, it was identified that 3 causes lead to most other causes.

Top 3 causes from interrelationship diagram.

- No / little training (problem filling the form).
- Too many forms. (They use wrong from).
- Busy people with shift schedule. Low priority. (delays in replying to problems on form).

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4.0 RECOMMENDATIONS: SHORT TERM

4.1 IMPROVE FORMS PLUS ADD SOME LOGIC AND E-SIGNATURES

Issue:

20% of submitted forms are incomplete (missing information, signature, etc.) leading to rework.

Proposed solution:

- Get agreement what the form should look like. Streamline the form if possible.
- Have IT program some mandatory fields and per diem calculation.
- Have IT implement e-signatures.
- Ideally, the new form allows for data to be automatically transferred to the city payroll system in the future.

Status:

Requirements were defined and reviewed with IT. Project is now in the IT queue.

4.2 NEW SYSTEM FOR ELECTRONIC STORING AND TRACKING

Issue:

Paper receipts are submitted making it complicated for claimants to file claims. Paper claims are handled which takes time to manage and file. It is estimated that a 2-3 minutes per claim could be saved with an electronic system. Furthermore, claims have to be in a digital format to be able to transfer to the City of Ottawa payroll system (project 5.1)

Proposed solution:

- Electronic filing system.
- IT is looking into 2 options for electronic filing and will propose a solution.
- Ideally, the system allows for data to be automatically transferred to the city payroll system in the future.

Status:

This change will be complete at the same time as project 4.1. Requirements were defined and reviewed with IT. System will be ready to communicate with the City of Ottawa payroll system. Project is now in the IT queue.

4.3 CREATE A TRAVEL TAB ON THE INTRANET SO CLAIMANTS CAN FIND FORMS AND INSTRUCTIONS

Issue:

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Members often use the wrong forms and / or don't understand how to file a travel claim. Up to 80% of the forms require rework when member complete the form themselves, as opposed 20% rework when an administrative assistant complete the form.

Proposed solution:

- Create a "travel claim" tab on the intranet.
- Put the right forms and instructions on the Intranet tab.

Status:

- FAQs and work instructions were drafted.
- The right intranet location was decided.
- The other links with misleading information and the wiki pages have been identified and are planned to be disabled.

4.4 PROVIDE MORE TRAINING AND HAVE BETTER INSTRUCTION AND FAQ'S.

Issue:

Members don't understand how to file a travel claim. They make many mistakes which lead to lots of rework.

Proposed solution:

- Create training material and FAQs.
- Give training to members.
- Put the improved work instructions and FAQ on the Intranet tab.
- Include what is the best way to handle multiple travelers on one credit card.

Status:

- This project will be executed at the same time as 4.3.
- FAQs and work instructions were drafted.
- The right intranet location was decided.
- The other links with misleading information and the wiki pages have been identified and are planned to be disabled.

4.5 CREATE A POLICY FOR THE MINIMUM PAYMENT (OR REFUND)

Issue:

Very small dollar amounts are paid or refunded. It is not worth the effort to issue these checks or request a refund. The minimum amount is not clear. If we set it at $ 5, we would save a lot of effort.

Proposed solution:

Establish a policy about the minimum dollar value that will be paid (or refunded) by a claim.
$ 5 sounds reasonable.

4.6 CHARGE PERSONAL CREDIT CARD TO PROCESS A REFUND

Issue:

Collecting a check from members to process a refund is complicated and time consuming.

Proposed solution:

- Get approval to charge credit card over the phone.
- Develop a process to charge members personal credit card instead of getting a check.

5.0 RECOMMENDATIONS: LONG TERM

5.1 CITY PAYROLL HANDLE PAYMENT OF TRAVEL CLAIMS

Issue:

Issuing paper checks is time consuming. Once claims are filed electronically, the ideal process would be to have the payment automatically be made by the payroll system.

Proposed solution:

Connect our system to the city system to transfer payment information. This is a big IT project. More details need to be worked out for this project.

Status:

- Discussion and engagement with the City payroll people.
- It is a low priority for them at the moment, but they asked that we reconnect with them when we have our claims digitalized (see project 4.2)

5.2 ELECTRONIC FORMS FOR PETTY CASH VOUCHER AND PROPERTY DAMAGE CLAIM.

Issue:

Petty cash uses paper vouchers which are complicated to handle.

Proposed solution:

Expand the electronic system developed for the travel expenses reimbursement to the petty cash process.

Status:

No progress. This will be done after the main expense report form is digitalized.

5.3 CREATE OR PURCHASE A CELL PHONE APP SO MEMBERS DON'T NEED TO COME INTO THE OFFICE TO FILE A CLAIM.

Issue:

Members don't come into the office often which means they delay filing (or correcting) travel claims.

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Proposed solution:

IT develop or purchase an app to file claim remotely.

Status:

No progress. This is a long-term dream.

6.0 CONCLUSION

Many improvement opportunities were found during the workshop. Many of these improvements are within the team's control and should be implemented to help streamline the process. The team was very capable at identifying problems, finding root causes and solutions. Momentum should be maintained to implement most of the solutions found in the workshop. Furthermore, the team should maintain an evergreen list of opportunities and continue to improve their process.

6.1 ADDITIONAL RESOURCES AND ASSISTANCE

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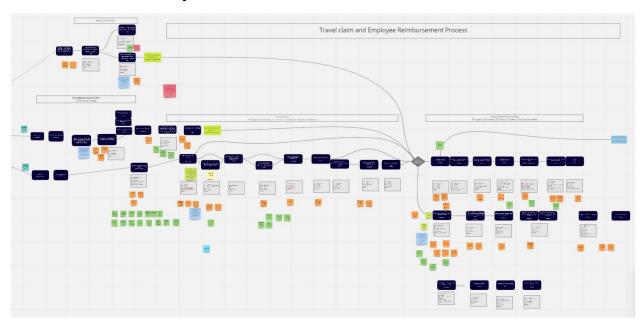Craig Szelestowski

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7.0   APPENDIX A: POWER POINT PRESENTATION

OPS Employee
Reimbursement V3.p

8.0   APPENDIX B: MAPS

Current State Map

Future State Map