Successfully Implementing Paperless Accounts Payable

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EXECUTIVE SUMMARY

The University of North Dakota (UND) has successfully implemented a paperless accounts payable process which includes electronic workflow and storage. The implementation began in spring 2011 and was completed in spring 2012. Perceptive Software was selected as the imaging/workflow vendor.

The implementation of paperless accounts payable has resulted in faster, more accurate bill payment, cost efficiencies, and more satisfied departments and vendors.

Previously, more than 200 campus departments completed over 65,000 paper vouchers annually, including accounting chart-fields, remit-to address, invoice number, etc., and the original invoice. Departments are spread throughout 243 buildings on the 548 acre campus, and some are located as far away as 250 miles. The paper vouchers were sent to a central location daily, audited centrally, and keyed individually into the accounts payable module.

Now, UND Accounting Services staff scan invoices at their central location or receive electronic invoices from the departments or outside vendors into a designated email account. All scans are automatically converted to a TIFF (image) file. Each scanned invoice is then electronically attached to a digital voucher form, which is partially completed at the central location using data tables and data entry. Then the electronic form and corresponding invoice are routed to the departments using electronic workflow. The department finishes completing the voucher, adds a digital approval, and can add optional information via electronic “sticky notes” or other attachments. The invoice and voucher can be routed to other departments for approval or sent directly to the central auditor queue. Payments are audited centrally, and if necessary, routed to the central Grants & Contracts office for review and approval, and then exported to a flat file. The flat file is imported to an Excel spreadsheet that is uploaded to the University’s accounting software, which processes the checks or ACH advices.

The average turnaround from receipt of invoice to payment has gone from a minimum of five days to minutes, if needed. A department can view, at any time, where their payment is located in the workflow process, and the central Accounting Services office can monitor payments within the workflow. The vouchers are no longer manually keyed into the finance module, eliminating keying errors. The payment description is electronically uploaded to the finance module. Previously, time did not allow those entering data to key a description. All departments and auditors have electronic access to view paid vouchers, the original invoice, and corresponding backup.

UND used the success of this implementation to launch other successful paperless processes in the offices of Student Account Services, Parking, Transportation, and Student Financial Aid. Several other offices are in the design phase of implementation.
INTRODUCTION OF THE ORGANIZATION

The University of North Dakota is the state’s most comprehensive intensive research university and the primary center for professional education and training, offering more than 220 fields of study, including law and medicine. UND’s economic impact on the state and region is $1.3 billion a year.

Founded by the Dakota Territorial Assembly in 1883, six years before statehood, UND was intended to be, and has remained, a university with a strong liberal arts foundation surrounded by a variety of professional and specialized programs. It is admired for its spacious, beautiful campus and extensive resources. With an international reputation for its academic and research programs, UND is one of the top 100 doctoral research universities in the United States.

UND enrolls 15,143 students (Fall 2013) and offers baccalaureate through doctoral and professional degrees. Thirty-nine percent of students come from North Dakota; the rest represent all other states, eight Canadian provinces, and more than 50 nations.

The University is located in Grand Forks, a college town of 50,000 on the Red River of the North separating North Dakota and Minnesota. The campus includes 243 buildings (more than 6.4 million square feet under roof) on 548 acres.

Grand Forks is linked by Interstate 29 to Fargo, N.D., 70 miles to the south, and to Winnipeg, Manitoba, 150 miles to the north. The city is 300 miles northwest of Minneapolis and a day’s drive from Chicago, Milwaukee, and Des Moines. Commercial air service links the Grand Forks
International Airport to Las Vegas, Orlando, Phoenix, Minneapolis, and on to other destinations worldwide.
STATEMENT OF PROBLEM/INITIATIVE

At certain times during the year, the paper in-box in UND’s central Accounting Services office could be 1.5 feet high. If incomplete or inaccurate payment documents were submitted, payments were delayed because paperwork was sent back to departments for corrections. Finding storage for these documents was difficult because the record retention period is ten years. Another concern was the cost of the filing systems needed to maintain the records.

When auditors (internal and external) or campus departments asked to review payment documents, an employee manually sorted through files to find the documents. These documents were only indexed by date, making the task more difficult. Although a process had been in place for ten years to scan documents after payments had been processed, UND’s external auditors still required the retention of paper copies.

Manual data entry sometimes resulted in keying errors. Vendors who called to inquire about status of a payment were transferred from department to department until the paperwork was found. The paperwork may have been located in the initiating department, in the approving employee’s office, or in Accounting Services. Also, because of the time involved to manually enter payments, descriptions were rarely entered into the accounting system. These old processes were inefficient and time-consuming. Efficiency improvements and campus-wide cost-saving solutions were needed.
DESIGN

- Formal written proposal sent to Vice President for Finance and Operations, including timeline and budget

- Designated Accounts Payable Manager, Director of Accounting Services, and Programmer were responsible for campus implementation. The Manager and Director were not released from their current duties

- The effort required strong collaboration with Enterprise Services, the campus information technology department

- Documented the current payment process

- Two individuals attended vendor off-site training and three individuals attended remote training on campus

- Hired a consultant to assist with design of electronic forms and workflow process development

- Invited two additional departments to participate in planning and initial consultant sessions; these sessions were held outside of the central office

- Documented the desired new process

- Designed the new “electronic” voucher

- Designed the workflow, including security and approvals

- Planned campus implementation or rollout

- Designated seven pilot departments. Implementation began with small departments and others that would see large efficiencies, such as those at a distance of 250 miles

- Presented multiple campus-wide informational sessions on the new process

- The two departments that “pushed back” were implemented last so they were able to see the efficiency improvements and hear positive comments from others instead of feeling that they were being forced to change their process

- Accounting Services staff provided one-on-one training to each department
• The departments implemented the process with no direct cost to their budget and immediately saw savings in paper costs, payment preparation time and overall efficiency

• Measured value of process change by:
  
  o Number of departments implemented
  o Departmental written feedback after implementation
  o Statistics, which included sampling turnaround times for payment of invoices
  o Using software to track invoices not yet approved for payment by the department, and
  o Ability to view payments processed by account technician in Accounting Services at any time
IMPLEMENTATION

UND invited stakeholders from the Controller’s departments (Purchasing, Student Account Services and Accounting Services), Budget Office, Enterprise Services, and Continuing Education to participate in the project. Since the software was already used by student services offices for storage and for some in-house designed workflow, UND decided to utilize this current product, leveraging software licenses. Taking advantage of a resignation, the University redesigned the job as a professional position and recruited a candidate with an accounting degree and experience with software implementations. Enterprise Services hired a programmer to assist with the implementation. UND also engaged consultants from the software company to assist with the setup of eForms (electronic forms) and the cross-campus workflow design. The consultants arrived in August 2010 and the first departments went live in March 2011. By spring 2012, all departments were live except two; those departments are now live.

The success of the implementation is attributed to these factors:

- Strong leaders in the central Accounting Services office who communicated well with campus departments, embraced change and were eager to learn a new skill
- A project manager from the Enterprise Services department with strong communication skills and an understanding of the process
- Leaders were champions for the cause
- Consultants helped jump start the implementation
- The central Accounting Services staff met one-on-one with the larger departments, documenting their required payment approvals and business processes
- The software was available to all campus departments at no additional cost. The only limitation is the number of users who can be on the system simultaneously.

- Strong relationship and collaboration between Accounting Services and Enterprise Services.
BENEFITS

- This is a “green” process, aligning with UND’s sustainability strategies
- Data input operators previously entered 300 vouchers in six hours; those same vouchers are now uploaded electronically in approximately one hour
- Universities are notorious for taking weeks to pay a bill. Vendors call for payment, the department says it is in the Accounting Services office, the Accounting Services staff does not have the document to pay the vendor. The new process eliminates this confusion, allows quick turn-around time for payments, and employees are able to view where the invoice is at any time in the process.
- Payables are better managed, and vendors aren’t paid too soon or too late
- Eliminates keying errors at the department level and data entry errors into the finance module
- Descriptions for all payments are now uploaded
- Departments no longer need to store copies of payment documents in their offices, and can access all documents online
- The file storage room in Accounting Services has been redesigned for use by student employees and as a department meeting space because of the elimination of paper
- The need for offsite storage for 47 boxes per year (48.8 cubic feet of space) for 10 year record retention will be eliminated
- UND has granted imaging system inquiry access to state auditors so staff no longer manually pull documents for them. This access has resulted in fewer auditor visits to campus
- Paper cost and time to complete the paperwork has decreased across campus
- UND can track workload of central account technicians who process payments
- The success of this implementation led other campus departments to review their paper processes, allowing them to implement with the use of existing software licenses
- Per UND’s account executive at Perceptive Software, “UND has one of our more advanced eForm implementations in Higher Education for Accounts Payable.”
- Quotes from campus departments:
  - “Thanks for your help today! It makes paying bills a breeze!!”
  - “I just wanted to let you know how much we like the new accounts payable process with Image Now. It is very convenient and efficient and obviously saves us time and money. Hopefully the project will continue to expand.”
  - “I can sing the praises of ImageNow for the speedy preparation of the report.”
  - “ImageNow is fantastic! It is the best thing since sliced bread. Needless to say I love it and wish we had the program years ago. It’s an efficient program that in the long run will be a cost savings to departments.”
  - “I used to spend at least one day, typing, copying and mailing invoices weekly. Now it takes me 15 minutes daily and that is even stretching the time. It has made my job much easier as far as accounts payable goes. I, for one, am thrilled with the ImageNow system.”
RETROSPECT

UND would not do anything drastically different. The skill level required to successfully implement the project was underestimated. UND’s central Accounting Services office had the right individuals with both skills and an eagerness to embrace a challenge to accomplish this project successfully. The other key to the success of this project was UND’s Enterprise Services department’s decision to specifically hire an individual to lead the implementation.