CAUBO Webinar:
Facilities & Services Invoice Workflow Project

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Darrel Fernandopulle – Director, Financial Services, Facilities & Services

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Speakers

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Property Services & Sustainability

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Director, Financial Services – Facilities and Services
University of Toronto
St. George Campus – A City Within a Very Large City

- Over 12 million square feet of real estate in 120 buildings
- Stewardship of over $3.5 billion worth of physical assets
- Daily population of approximately 80,000 people (largest by students in NA)
- Facilities and Services – over 600 staff in 15 business units
Facilities & Services: Operating Budget

F&S: 2016-17 Net Base Budget Breakdown by Core Segments

- F&S Net Base Budget - Campus Operations & Services: $54M
- Deferred Maintenance Budget - Stewardship of Buildings: $47M
- Utilities Budget - Campus Utilities & District Energy: $16M
The Evolution of Information Management Needs for Facilities & Services

Before ...

"Hang on while I find a pencil."

After ...

Information Technology Age: Focus on Timeliness, Reliability, Efficiency, Transparency, Accountability
The Need for Change

- **Staff Performance and Efficiency - over 120 approvers**
  - Very inconsistent payment cycles to vendors and contractors
  - Paper ruled – huge amount of manual effort across numerous buildings
  - Duplication of documents and effort
  - Focus on value added work in a climate of continuous budget pressures
The Need for Change (continued)

- Risk Mitigation / Management Oversight

  - Detailed breakdown on spend by the individual, within a sub-department, and the department as a whole was extremely difficult to ascertain without a great deal of effort
The Need for Change (continued)

- Discounts / Penalties
  - Ensure time sensitive invoices are processed promptly in order to obtain discount and or avoid penalty
  - Improve vendor relations
Project Timeline

RFP Process

- Jan 2013: RFP Issued
- Apr 2013: Vendor Evaluation
- Oct 2013: Awarded to Dolphin

Solution Deployment

- Dec 2013: Design Workshop
- Jan 2014: Implementation
- June 2014: Testing
- Aug 2014: Go Live

Facilities & Services Invoice Workflow Project
Software Solution Criteria

- **Leverage SAP**
  - Full integration and alignment with SAP roadmap

- **Simple Administration**
  - Configuration simplifies administration

- **Advanced Processes**
  - Robust workflow functionality with real-time access to information
Vendor Evaluation Criteria

**Business Process Management**

- End-to-end invoice process optimization solution
  - OCR for faster capture
  - Automated workflow for faster processing
  - Real-time reporting and analytics
- Easy to customize for unique business requirements
- Scalable solution to accommodate other departments in future
- Simple, SAP and Web user interface was intuitive for users
Vendor Evaluation Criteria (continued)

Vendor Team

• Detailed responses to specific questions demonstrated knowledge of business best practices

• Excellent customer references in Canada and US

• Shared commitment to implement a successful project
One Department, Multiple AP Models

University of Toronto
Facilities and Services Department

Building Operations, Maintenance & Services
- Large number of vendors
- High volume of 2-way PO invoices and non-PO invoices

Utilities
- Small number of vendors
- High volume of non-PO invoices
- Invoices are auto-routed
- Also captures non-financial data
- Different approval thresholds controlled by user + department
- Highly time sensitive - different reminder rules

Trades
- Smaller number of vendors
- High volume of 2-way PO invoices and non-PO invoices
- 3-way PO invoices to record inventory
## Accounts Payables Department
**University of Toronto**

<table>
<thead>
<tr>
<th>Type</th>
<th>Details</th>
<th>Percentage</th>
<th>Volume (per annum)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-PO Invoices</td>
<td>Facilities and Services department has a high volume of non-PO invoices due to the nature of business operations (e.g. building repairs, utilities)</td>
<td>12%</td>
<td>3,000 (utilities)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>68%</td>
<td>17,000 (non-utilities)</td>
</tr>
<tr>
<td>PO Invoices</td>
<td>Used for higher-value purchases. Introduced rules to prevent use of “one-time” vendors for PO invoices</td>
<td>20%</td>
<td>5,000 (non-utilities)</td>
</tr>
<tr>
<td><strong>TOTAL INVOICES</strong></td>
<td></td>
<td></td>
<td><strong>25,000</strong></td>
</tr>
<tr>
<td><strong>A/P PROCESSORS</strong></td>
<td>Equivalent FTEs</td>
<td></td>
<td><strong>3</strong></td>
</tr>
<tr>
<td><strong>APPROVERS</strong></td>
<td>Located across 12 different buildings, at 6 different job levels (lead hands, forepersons, supervisors, managers, directors, COO)</td>
<td></td>
<td><strong>120</strong></td>
</tr>
</tbody>
</table>
Overview of the Workflow System

Vendor Invoice

Mail  Email  Fax

F&S Accounts Payable (AP)

AP Scan, Validate, Transfer to SAP-PTS & Assign "Department"

Departmental Co-ordinator (Forward or Recommend Invoice)

Forward

Recommend

Recommender

Approver(s) (Based on Approval Limit)

Criteria met

NO (e.g., PO Required, Insufficient Funds, Do Not Auto-Post)

Yes

Pay Invoice

Facilities & Services Invoice Workflow Project
Invoices are automatically posted, or routed to approvers or AP analysts based on action required.
Key Benefits

Improved Efficiency, Transparency, Accountability, Internal Controls & Sustainability

• Improved Efficiency by Eliminating Manual Paper Process:
  o Saves approvers’ time
  o Saves Finance-AP Processor staff time
  o Ease of responding to Audit requests for copies of invoices
Key Benefits (continued)

Improved Efficiency, Transparency, Accountability, Internal Controls & Sustainability

- Improved Transparency and Accountability:
  - Customers can view the actual invoice image supporting the charge
  - Email notification and reminders to approvers
  - Complete audit history of invoice movement
  - Complete reporting suite to identify exact location of an invoice & time taken to approve an invoice
  - Pay vendors on time - better pricing, early payment discounts, avoid late payment charges
Key Benefits (continued)

Improved Efficiency, Transparency, Accountability, Internal Controls & Sustainability

• **Reduce Risk & Improve Internal Controls:**
  - Enhanced warning criteria to flag potential duplicate invoices/payments
  - OCR technology minimizes exposure to data entry errors
  - Workflow approval chain increases visibility to potential data entry errors
  - Approval level tables ensure that invoices are approved by appropriate approver
Key Benefits (continued)

Improved Efficiency, Transparency, Accountability, Internal Controls & Sustainability

- Environmental Impact/Sustainability (estimated at 80,000 pages per annum):
  - Elimination of mountains of paper in circulation and in file cabinets
  - Saves valuable space
  - Access to electronic image reduces need to photocopy invoices
  - Promotion of electronic submission reduces paper, envelopes & mail delivery
  - Paved the way for the “Work from Home Program”
Key Benefits (continued)

Improve Efficiency, Transparency, Accountability, Sustainability & Internal Controls

**Enhanced Reporting:**
- Robust search tools (search by Cost Centre, Service Order, Vendor, PO, etc.)
- Detailed reports on spending trends, purchasing patterns, approval trends
- Detailed reports on Utilities consumption and forecasts
- Dashboard identifying status of invoices
- Valuation of accruals at the click of a button
- Detailed KPI reports to monitor Finance-AP staff performance
Reporting and Analytics

Configurable reports improve the ability to measure performance
Utility Consumption Reporting & Forecasting

OCR captures utility consumption information from invoices

View meter readings by location and utility type

Calculate Average Price/Unit
Review Purchasing Patterns
• The U of T team was selected for a **2016 CAUBO Quality & Productivity Award** for Projects in Higher Education

• Project winners selected based on:
  - Transferability
  - Innovation
  - Quality impact
  - Productive impact

• The University’s Education Advisory Board (EAB) also identified the team’s Invoice Workflow System as a best practice.
Innovative & Award-Winning Features

• Transferability
  o Solution can be leveraged by multiple campuses/departments

• Innovation
  o Automated capture, workflow and approvals facilitates processing across distributed campus
  o Real time data with ability to do data mining provides greater insight into spend and utility consumption
Innovative & Award-Winning Features

(continued)

- **Quality**
  - Automation improves accuracy & process timeliness
  - Info-center enables fast and easy prioritization of invoices to capture all available discounts
  - Validation rules and workflow supports internal controls for highly regulated organization: prevents duplicate invoices, ensure fair-vendor practices, makes it possible to detect potential compliance or productivity issues

- **Productivity**
  - Over 60% of invoices now received electronically (up from 20%)
  - Able to generate accruals in seconds
  - Direct routing of invoices to approvers, by passing AP department saves time and paper
Key Success Factors / Lessons Learned

- Know exactly what you want and document a clear understanding of business requirements
- Manage the University’s expectations and protocol
- Manage the internal F&S staff’s expectations and resistance
  - Over 120 approvers
  - Finance AP staff with over 100 years collective experience
- Manage the service provider
- Manage the vendor community
Key Success Factors / Lessons Learned

Continued....

• Strong project sponsor / steering committee
• Change management: Convert the challenge to a success
• Engage stakeholders at each phase of the project
• Promote buy-in by showcasing advantages
• Tests, tests & more tests
• Share successes
Celebrating our successes with staff ...
Project Infographic

Facilities & Services Invoice Workflow Solution

Project stats & info at a glance

$250,000
Project Annual Savings

Workflow software automated the department’s invoice payment process totalling approximately 25,000 invoices per year

Optical Character Recognition Technology
eliminates key punch errors thereby creating a much higher accuracy level; auto-populates key utility invoice consumption data to produce customized reports facilitating comparison of key metrics

Process Automation
significantly increased productivity of over 100 staff located across the campus consisting of 30 different sub-business units

The system offers a much better reporting functionality including the ability to generate customized reports

Robust Search Tool
Definitely more efficient than trying to go through a manual filing system; increases productivity and saving valuable time and effort
Future Roadmap

- Expand to other departments
- Reporting enhancements
- Continued Sustainability Benefits:
  - Enables work from home (F&S Finance launched it in May 2016)
  - Reduced storage
For more information regarding this project:

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