

Quality and Productivity Commission
32nd Annual Productivity and Quality Awards Program
“Innovating for Impact”

2018 APPLICATION

Title of Project (Limited to 50 characters, including spaces, using Arial 12 point font):

NAME OF PROJECT: LACO VENDOR DIRECT DEPOSIT REGISTRATION PORTAL

DATE OF IMPLEMENTATION/ADOPTION: APRIL 8, 2017

(Must have been fully implemented for a minimum of at least one year - on or before July 1, 2017)

PROJECT STATUS: _____ Ongoing X One-time only

HAS YOUR DEPARTMENT PREVIOUSLY SUBMITTED THIS PROJECT? _____ Yes X No

EXECUTIVE SUMMARY: Describe the project in 15 lines or less using Arial 12 point font. State clearly and concisely what difference the project has made.

1 The County’s legacy direct deposit application process was paper-based, labor-
 2 intensive, and costly, resulting in County Auditor-Controller (A-C) staff spending a
 3 significant amount of time to review and approve direct deposit applications submitted
 4 by County vendors. On April 8, 2017, the A-C, in collaboration with the Internal
 5 Services Department (ISD), implemented the Vendor Direct Deposit Registration Portal
 6 (VDDRP), which is a web-based registration portal that allows vendors to request their
 7 payments be deposited into their bank account(s). VDDRP is a paperless, secured,
 8 authenticated portal that validates submission information to eliminate manual vendor
 9 record updates, prevent common errors, and missing information. VDDRP benefits
 10 both vendors and the County through faster, more secure and accurate application
 11 preparation, submission and approval.
 12
 13
 14
 15

BENEFITS TO THE COUNTY

(1) ACTUAL/ESTIMATED ANNUAL COST AVOIDANCE	(2) ACTUAL/ESTIMATED ANNUAL COST SAVINGS	(3) ACTUAL/ESTIMATED ANNUAL REVENUE	(1) + (2) + (3) = TOTAL ANNUAL ACTUAL/ESTIMATED BENEFIT	SERVICE ENHANCEMENT PROJECT
\$ 64,000	\$306,500	\$ 0	\$ 370,500	<input checked="" type="checkbox"/>

ANNUAL = 12 MONTHS ONLY

SUBMITTING DEPARTMENT NAME AND COMPLETE ADDRESS Los Angeles County Auditor-Controller 500 W Temple Street, Suite 525 Los Angeles, CA 90012	TELEPHONE NUMBER (213) 974-8302
PROGRAM MANAGER’S NAME Karen Loquet, Assistant Auditor-Controller	TELEPHONE NUMBER (213) 974-0385 EMAIL KLoquet@auditor.lacounty.gov
PRODUCTIVITY MANAGER’S NAME AND SIGNATURE <small>(PLEASE CALL (213) 893-0322 IF YOU DO NOT KNOW YOUR PRODUCTIVITY MANAGER’S NAME)</small> Susan Linschoten Original Signature on File	TELEPHONE NUMBER (213) 974-8361 EMAIL slinschoten@auditor.lacounty.gov
DEPARTMENT HEAD’S NAME AND SIGNATURE John Naimo, Auditor-Controller Original Signature on File	TELEPHONE NUMBER (213) 974-8302

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1st FACT SHEET – LIMITED UP TO 3 PAGES ONLY: Describe the **challenge(s), solution(s), and benefit(s)** of the project **to the County**. What quality and/or productivity-related outcome(s) has the project achieved? Provide measures of success **and specify assessment time frame**. Use Arial 12 point font.

Recently, in April 2018, the Board of Supervisors adopted a new Policy to mandate County vendors and payees to receive payments via direct deposit instead of paper checks. In anticipation of this Policy as well as to modernize the direct deposit registration process, the VDDRP was fully implemented as a web-based solution providing County vendors with a secure and quicker way to submit their direct deposit applications, while fully automating and integrating with the County’s enterprise financial system (eCAPS), thereby reducing processing time and eliminating inefficiencies.

VDDRP is a “go green” initiative, meeting both the Department of Auditor-Controller’s and County’s goals to implement technology initiatives that enhance service delivery and increase efficiency.

Challenges

Los Angeles County generates about 2.1 million checks annually, and continually seeks ways to reduce processing costs and deter theft and fraud. Issuing payments electronically is the least expensive way to issue payments and is also the best deterrent to check theft and fraud. Prior to the implementation of VDDRP, County vendors were concerned that mailing paper-based direct deposit applications along with supporting documentation (e.g., voided checks or bank statements) could result in their banking information being compromised if their applications were lost or stolen. Additionally, hand-written applications were susceptible to being received incomplete, missing supporting documents and were often illegible.

The paper-based application process required A-C staff to manually review and decipher hand-written applications, validate banking and signor information, send correspondence to vendors requesting missing information, wait for vendors to provide corrected information and once all information was received, manually enter banking information into eCAPS. Due to the paper handling and manual processing of applications, the timing of converting payments from paper checks to direct deposit was significantly delayed.

Solution

The VDDRP was implemented on April 9, 2017 for County vendors as a paperless,

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automated, user-friendly, convenient, web-based solution to streamline processing, improve security, and reduce costs associated with processing applications. VDDRP was developed using existing AC and ISD technical resources and newer technologies. Since its implementation, VDDRP has processed over 800 applications. Additionally, due to the recently approved Board mandate that requires all vendors to receive direct deposit, the A-C estimates approximately 10,000 vendors will be registering via the VDDRP within the upcoming year. VDDRP reduces A-C processing time to review, approve, and data enter applications in eCAPS by 18 minutes per application. Without VDDRP, the A-C would need to add at least 1.5 additional full-time employees to process the 10,000 applications per year.

Key features and functions of VDDRP include:

- **Electronic Application Submission:** Vendors can easily and conveniently submit direct deposit applications with electronic signatures, eliminating the delays caused by mailing paper applications.
- **Vendor Authentication:** VDDRP requires two-factor authentication for vendors to submit a direct deposit on-line application. This reduces the probability that an attacker can impersonate a user and gain access to computers, accounts, or other sensitive resources.
- **Real-time Validations and Errors:** VDDRP performs validations for completeness and issues error notifications before the vendor submits the application. This prevents the submission of erroneous or incomplete information and significantly reduces the application rejection rate.
- **Electronic Review and Approval:** Staff can review and workflow electronic information faster and easier. This eliminates the need to decipher hand-written applications and improves processing time.
- **Integration with County Financial System:** VDDRP automatically sends application information into eCAPS. This eliminates the need to data enter direct deposit information, saving significant time, and reduces the rejection rate due to data entry errors or missing fields.

By replacing the manual application process with the VDDRP solution, the County ultimately reduced costs by eliminating the paper applications through an end-to-end paperless, self-service application; improved County administrative services, public interface experience, and achieved direct operational benefits and cost savings from automation and the integration of VDDRP with eCAPS for payment processing.

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Benefits

VDDRP streamlines and simplifies the direct deposit application process. VDDRP is easily accessed through a link on the County's Internet portal and provides the following additional features and benefits:

- Online Applications Save Time & Money: Vendors can submit applications day or night and at their convenience, which eliminates possible delivery delays caused by the Postal service and saves on postage cost;
- Keep Data Secure: A lost, misplaced, or misrouted paper application could mean a breach in applicant personally identifiable information. Data submitted in this portal is secure and limited access to authorized personnel only;
- Track Application Status: Vendors can track the status of their applications on VDDRP, which reduces the need to contact the County for status updates by phone or mail;
- Electronic Communications: – Email notifications are sent automatically from VDDRP to vendors when an application is approved or rejected;
- Bank Routing Information Validation – VDDRP is linked to a third-party application to validate the unique 9-digit bank and credit union location of the vendor's bank account, which eliminates rejection of application due to incorrect routing number;
- Electronically Attach Documents – VDDRP requires vendors to attach necessary supporting documents, which reduces application rejection rate;
- Administrative Database – the VDDRP maintains all vendor application information, including attachments and status. Staff can search and update application status, which centralizes application information in one area. Additionally, it eliminates the need to file paper applications in physical storage;
- Fraud Discovery – VDDRP captures IP addresses for fraud activity tracking purposes;
- Report Database – Provide audit trail and track each transaction, and saves time in gathering statistical data and generate reports while boosting the productivity of the County's operations.

VDDRP - Increases accuracy and efficiency, reduces carbon footprint, is cost effective, secure and trackable. It also gives vendors a faster, simpler, and more secure method to submit direct deposit applications via the web portal.

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Linkage to the County Strategic Plan – 1 page only. Which County Strategic Plan goal(s) does this project address? Explain how. Use Arial 12 point font.

VDDRP promotes the following Los Angeles County Board of Supervisors approved County Strategic Plan Goal, which we believe is key to achieving success:

Realize Tomorrow’s Government Today – Prioritize and implement technology initiatives that enhance service delivery and increase efficiency.

COST AVOIDANCE, COST SAVINGS, AND REVENUE GENERATED (ESTIMATED BENEFITS TO THE COUNTY): If you are claiming cost benefits, include a calculation on this page. Please indicate whether these benefits apply in total or on a per unit basis, e.g., per capita, per transaction, per case, etc. You must include an explanation of the County cost savings, cost avoidance or new revenue that matches the numbers in the box. Remember to keep your supporting documentation. Use Arial 12 point font

Cost Avoidance: Costs that are eliminated or not incurred as a result of program outcomes. Please indicate whether these are costs to the County or to other entities.

Cost Savings: A reduction or lessening of expenditures as a result of program outcomes. Please indicate whether these were expenditures by the County or by other entities.

Revenue: Increases in existing revenue streams or new revenue sources to the County as a result of program outcomes.

Cost Avoidance:

Direct Cost Savings: Direct costs (check stock, envelope stock, postage, bank fees and printing) of \$0.67 are spent to mail a paper check. Alternatively, it only costs \$0.03 of bank fees for each direct deposit payment. Conservatively, the County can achieve savings of \$64,000 for every 100,000 checks converted to direct deposit payments $\{(\$0.67-\$0.03) \times 100,000\}$.

Cost Savings:

NOTE: The County is utilizing a phase-in approach to require vendors and payees to accept direct deposit as the default form of payment. As such, the County will ultimately realize an annual cost savings of approximately \$1 million when 75% of checks are converted via direct deposit.

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Revenue

Actual/Estimated Cost Savings Description	Time Savings Per Application	Dollar Savings Per Application	Calculation/Justification
Staff handling of paper application (receiving, stamping and filing)	4 minutes	\$6.81	Weighted salary per hour of four staff multiplied by (EB+ Overhead) to process/approve direct deposit applications Labor cost per minute = \$1.70
Staff verification time savings	10 minutes	\$17.03	
Staff data entry time savings	4 minutes	\$6.81	
	18 minutes	\$30.65	Savings Per Application
		\$306,500	10,000 vendors

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FOR COLLABORATING DEPARTMENTS ONLY

(For single department submissions, do not include this page)

DEPARTMENT NO. 2 NAME AND COMPLETE ADDRESS	
INTERNAL SERVICES DEPARTMENT, 1100 N EASTERN AVE, LOS ANGELES CA 90063	
PRODUCTIVITY MANAGER’S NAME AND SIGNATURE Original Signature on File	DEPARTMENT HEAD’S NAME AND SIGNATURE Original Signature on File
DIANE QUARKER EMAIL: <u>DQUARKER@ISD.LACOUNTY.GOV</u>	SCOTT MINNIX EMAIL: <u>SMINNIX@ISD.LACOUNTY.GOV</u>
DEPARTMENT NO. 3 NAME AND COMPLETE ADDRESS	
PRODUCTIVITY MANAGER’S NAME AND SIGNATURE	DEPARTMENT HEAD’S NAME AND SIGNATURE
EMAIL: _____	EMAIL: _____
DEPARTMENT NO. 4 NAME AND COMPLETE ADDRESS	
PRODUCTIVITY MANAGER’S NAME AND SIGNATURE	DEPARTMENT HEAD’S NAME AND SIGNATURE
EMAIL: _____	EMAIL: _____
DEPARTMENT NO. 5 NAME AND COMPLETE ADDRESS	
PRODUCTIVITY MANAGER’S NAME AND SIGNATURE	DEPARTMENT HEAD’S NAME AND SIGNATURE
EMAIL: _____	EMAIL: _____
DEPARTMENT NO. 6 NAME AND COMPLETE ADDRESS	
PRODUCTIVITY MANAGER’S NAME AND SIGNATURE	DEPARTMENT HEAD’S NAME AND SIGNATURE
EMAIL: _____	EMAIL: _____
DEPARTMENT NO. 7 NAME AND COMPLETE ADDRESS	
PRODUCTIVITY MANAGER’S NAME AND SIGNATURE	DEPARTMENT HEAD’S NAME AND SIGNATURE
EMAIL: _____	EMAIL: _____