

Quality and Productivity Commission
34th Annual Productivity and Quality Awards Program
“Leading with Excellence”

2021 APPLICATION

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

NAME OF PROJECT: PAYROLL PAYMENT RECONCILIATION AUDIT AUTOMATION

DATE OF IMPLEMENTATION/ADOPTION: 8/27/2020

(Must have been fully implemented for a minimum of at least one year - on or before July 1, 2020)

CHECK HERE IF THIS PROJECT IS BEING SUBMITTED FOR THE COVID-19 IMPACT AWARD ONLY. (Projects must be implemented on or before December 31, 2020. **Note:** Projects implemented less than one year ago will not be eligible for any other PQA awards. In addition, once a project is submitted, you cannot submit the same project for awards consideration in subsequent years).

PROJECT STATUS: Ongoing One-time only

HAS YOUR DEPARTMENT PREVIOUSLY SUBMITTED THIS PROJECT? Yes 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 County Fiscal Manual (CFM) Section 3.1.12, Warrant Distribution Controls, requires all
- 2 County departments to conduct an annual payroll payment reconciliation payoff audit to
- 3 ensure that all employees receiving pay or benefits are bona fide.
- 4 Finance Division of the Department of Health Services (DHS) is responsible for
- 5 coordinating, collaborating and collecting all audits findings from all DHS facilities and
- 6 program offices which yields to verifying and consolidating data results for over 23K
- 7 employees. In the past, this effort was conducted in a manual and decentralized fashion.
- 8 Audit was laborious and spams for months and was prone to errors. Also, during 2020, it
- 9 was impossible to conduct the in-person audit due to COVID-19's restrictions.
- 10 The DHS Finance and Information Technology (IT) collaborated to implement a new
- 11 automated audit process. This automated process resulted in auditing 20K employees
- 12 electronically, improving resources utilization, generating a reliable database with
- 13 employees' electronic submission and their immediate supervisor's attestation in a timely
- 14 fashion complying with CFM while ensuring the adherence to the social distance
- 15 restrictions due to pandemic.

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
\$	\$	\$	\$	<input checked="" type="checkbox"/>

ANNUAL = 12 MONTHS ONLY

SUBMITTING DEPARTMENT NAME AND COMPLETE ADDRESS Department of Health Services – Financial Operations Division 1000 S. Fremont Ave. Alhambra		TELEPHONE NUMBER (626) 525-6417
PROGRAM MANAGER'S NAME Manal Dudar/Jihan Awad EMAIL mdudar@dhs.lacounty.gov / jawad@dhs.lacounty.gov		TELEPHONE NUMBER (626) 525-6426 / (562) 525-6417
PRODUCTIVITY MANAGER'S NAME AND SIGNATURE <small>(PLEASE CALL (213) 893-0322 YOU DO NOT KNOW YOUR PRODUCTIVITY MANAGER'S NAME)</small> Connie Salgado-Sanchez <i>C. Salgado-Sanchez</i>	DATE 6/23/21	TELEPHONE NUMBER (213) 288-8483 EMAIL cosanchez@dhs.lacounty.gov
DEPARTMENT HEAD'S NAME AND SIGNATURE Christina R. Ghaly, M.D. <i>Christina R. Ghaly</i>	DATE 6/23/21	TELEPHONE NUMBER (213) 288-8483

****ELECTRONIC, WET, OR SCANNED SIGNATURES ARE ACCEPTABLE****

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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.

DHS has over 23K county employees who are subject to the Payroll Payment Reconciliation Payoff Audit. The DHS-Wide coordinator is responsible for coordinating the audit by developing over 30 memorandums and distributing to individual DHS facilities and Ambulatory Care Network (ACN) with corresponding instructions. In addition, DHS-Wide coordinator is also responsible for directly conducting the Payroll Audit for Health Services Administration (HSA) department inclusive of all satellite offices under HSA. The DHS Finance, facilities, and ACN coordinators are also independently obtaining their current employees' roster from DHS Payroll Operations identifying all employees, and their associated Pay Locations, assigned to their respective department or facilities with the number of employees to be audited.

In order to conduct the audit, over 150 selected finance and non-finance staff members are each assigned an average of 145 employees to verify their existence in-person and obtain their manual signatures on the roster after being presented with their employee's county badge photo identification. Depending on the number of employees assigned to each auditor and their pay location along with the unannounced nature of the audit, the auditor may visit the employee's pay location more than once if employees were not on site at the time of the audit.

Enormous amount of time spent on communicating with auditors, supervisors, and area coordinators to arrange for an audit location within each pay location, following more specific procedures to handle the audit exceptions for employees who are on leave, transferred, or unable to locate. When it becomes impossible to obtain employee validation for all employees on the roster, the auditor will inform the Pay Location supervisor that the employee must sign the roster at the Payroll Payoff Distribution's coordinator home office. At the end of the audit and following established manual procedures, each auditor provides a summary status of their audit to the area coordinator who submits them to the DHS-Wide coordinator who in turn summarizes them and submits the final status report to DHS Payroll Operations including a list of all employees who could not be validated. Each area keeps the audit details and only submit the audit summary and the exceptions details.

Our goals for this project were to:

- Significantly improve the efficiency of audit process using electronic means and reduce the time spent by DHS personnel to complete this audit manually.
- Adhere to the COVID-19's social distance order and protect the health of our workforce.
- Ensure that the department complies timely with the CFM.
- Conduct the audit at an enterprise level and move away from operating in silos.

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Numerous challenges were encountered along the way. CFM required the audit to be conducted in-person. However, having a face to face audit for current staff who still work in the Department’s premises can potentially endanger the employees’ health by potential COVID-19 exposure. Note that a large number of admin staff were also teleworking. Additionally, DHS was processing the audit in a manual fashion that was inefficient, costly, and provided accuracy deviation.

Our finance lead Jihan Awad worked tirelessly with the Auditor Controller’s Audit Division to obtain their buy off on our proposal to automate the audit without the need to conduct it in-person. After few months of communication and meetings, the Auditor Controller provided us with their recommendation to move forward with our automation proposal.

Jihan also reached out to the Internal Services Department (ISD) with the recommended proposal and that DHS can be used as a pilot since this project can be implemented County-Wide. However, shifting priorities within ISD due to COVID-19 prevented the project’s progression.

Jihan thought of an internal solution so she partnered with ACN’s CFO Erick Lopez and developed a workflow using Microsoft Forms and Power Automate.

Partnering with our IT leads Francis Tang and Gustavo Banderas and Microsoft leaders, we were faced with roadblocks. Some resulted from the high cost associated with implementing the Power Automate workflow for over 23K employees based on DHS license limitation with Microsoft. However, several discussions and meetings between DHS IT, Microsoft leaders, and Jihan occurred to discuss the current project status and to find alternatives.

For Finance, our focus was to find an automated way to validate employee’s existence without endangering their health and eliminate the extensive manual work. The idea was to send an email blast to all DHS employees requiring them to complete a verification form that is routed automatically to the employee’s supervisor to confirm the existence of their employees. The form had few simple to answer questions and took less than a minute to complete by employee. Once employee submitted the form, it was electronically sent to their immediate supervisors to attest employee worked for them. Jihan was able to obtain results in real time to monitor survey results and progress.

We went through numerous changes using different technologies from Microsoft Forms to Power Automate to Microsoft Azure where changes were made to ensure the lowest cost and smooth process workflow which accounts for possible exceptions.

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As a result, Jihan developed the automated workflow using Microsoft Azure that cost less than \$1,500. With the partnership between Finance and IT, we started Phase I testing on August 27, 2020 where the email blast was sent to a list of finance personnel across DHS facilities to test the new automated process. The testing was successful, and the automated process was rolled out to all DHS employees on August 31, 2020. The form submission and supervisors’ responses ended on October 12, 2020.

The automated process generated a database that Jihan used to match with the employee roster provided by DHS Payroll Operation and identified the supervisors who did not respond to their staff’s submission and the employees who did not submit the form. She generated the two lists and provided them to each facility/program’s CFO so they can reach out to the supervisors to verify their staff existence by email and provide the completed list to her. Finance concluded the audit on November 23, 2020 and submitted the final summary report and the detailed list of employees who we could not verify through this process to DHS Payroll Operation for their action and investigation.

This project resulted in the following goals being met:

- Transform the very manual audit process to a fully automated process that significantly improved our process efficiency and deliverables
- 89.73% of all DHS employees submitted their form electronically (see below final summary)
- Timely complying with CFM without endangering our employees’ health by COVID-19 exposure.
- Operate at an enterprise level

	Total Submission %	Submitted & Validated %	Submitted Not Validated %	Unable to Reach Employee %	Employee Grand Total %
Grand Total	89.73%	84.34%	5.39%	10.27%	100.00%

Our next goal is to continue to conduct this audit using the fully automated process. The team consisting of Manal Dudar, Jihan Awad, Francis Tang, and Gustavo Banderas collaborated with Microsoft leaders for this project’s success.

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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.

This project addresses Los Angeles County Strategic Plan Strategy III.3 - Striving for operational effectiveness, fiscal responsibility, and accountability and Strategy III.2.3 Prioritize and Implement Technology Initiatives That Enhance Service Delivery and Increase Efficiency: Support implementation of technological enhancements and acquisitions that increase efficiency (e.g. infrastructure, software, hardware, applications) including replacement of legacy systems.

This payroll audit automation aligns perfectly with these strategic goals. The practices in place to conduct the audit were laborious and inefficient, while taking up a considerable amount of time from over 150 staff members to coordinate and conduct an in-person audit throughout DHS.

These goals focus on operational effectiveness and the use of technological enhancements to substantially improve the productivity of the workforce. Our project eliminated waste and non-value-added work to improve operational effectiveness. It helped focus staff on more strategically important work that is better aligned with their talent. Additionally, most staff responded to the audit survey in a timely fashion and we were able to obtain the information needed that resulted in an excellent output for this audit.

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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.

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