



Ohio Agency Aging Accounts Receivable

OFA COHORT 10 – TEAM MONEY GRABBERS

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Executive Summary

Team Money Grabbers was assigned the topic of picking the top five State of Ohio agencies with highest accounts receivables that go beyond forty five days and identifying which accounts make up the most of the amounts and identify what challenges the face in collecting Accounts Receivable (A/R). The team was then to evaluate any “root causes” and identify a shared solution. The first place the team started with research was to contact the identified agencies and speak with the A/R staff. What we learned is that each agency is autonomous, they had different types of customers, and each had their own set of policies and procedures; there is really no standardization when it comes to how State of Ohio agencies collect A/R. After the team interviewed all of the agencies and analyzed the data we started to see some commonalities to issues the A/R section faced. The agencies want an enterprise software system that will communicate with OAKS that has the ability for the customers to be registered and have notifications sent automatically. The solutions that the capstone project research paper recommends need to be achievable and realistic. And because of what the COVID-19 pandemic has done to the State’s budget, a new software solution for the agencies is probably unfeasible. That is why the team turned to the current enterprise software solution to look for a possible solution, Ohio Buys.

Team Money Grabbers interviewed multiple individuals that are on the Ohio Buys team responsible for design, implementation, and training. From the information gathered we learned that there is a function of Ohio Buys called “Revenue Share.” A revenue share contract is a Department of Administrative Services (DAS) contract that is set-up for the supplier to share a percentage of revenue that it earns from Ohio agencies purchasing from the contract. Ohio Buys has the ability to send notifications to the supplier if they fail to report earned revenue from the contract and will also send notifications automatically if the supplier does not pay the state its percentage of the revenue in a timely manner. Not only does it send notifications but allows for the supplier to pay DAS through Ohio Buys and it is integrated in OAKS. This may be an available solution for A/R sections to utilize in the future after Ohio Buys is fully implemented across the State of Ohio’s government agencies.

The most important take away from the interviews by the team is how one agency would excel in one aspect of A/R where another would struggle. All of the employees were so willing to make time to speak with us because they were so invested in a solution. What if we could get individuals from across the state in one “room” to have a workshop and discuss their issues, best practices, and solutions that each utilized? Then we heard about a program that Ohio Shared Services has to serve its Accounts Payable (A/P) customers. OSS switched to an A/P monthly meeting at the beginning of the COVID-19 pandemic to address concerns, improve processes, and open up dialogue and communication between OSS and the A/P staff at the agencies. They develop an agenda, have the agencies submit questions, and bring in Subject Matter Experts from other agencies to assist in answering questions the agencies may have. This could be used as a model to bring together the A/R staff to have an open discussion to compare what problems they encounter and what others have done to solve them. The team believes that this little to no cost program, utilizing Microsoft Teams, is the most viable solution for the State of Ohio to move forward efficiently and cost effectively during and after COVID-19. After all, the civil servants dedicated to the citizens of Ohio are its greatest asset and resource.

Introduction

For the Ohio Fiscal Academy Cohort 10, teams were given topics that presented issues and/or problems that Ohio State Agencies face as they operate. These topics were chosen based on relevant problems that may have solutions that do not require changes in State legislation. Team Money Grabbers' topic involved identifying the top five (5) State Agencies with the highest accounts receivables that are beyond 45 days. To do so, a report was run in OAKS (Ohio Administrative Knowledge System) to identify these top agencies; for the purpose of this case study, those agencies are: Ohio Department of Rehabilitation and Corrections (DRC), Ohio Department of Administrative Services (DAS), Ohio Department of Natural Resources (DNR), Ohio Department of Job and Family Services (JFS), and Ohio Department of Medicaid (MCD).

An additional report for each of the top five agencies was run to identify which A/R accounts make up the highest amounts of the aging accounts over 45 days. Representatives from each agency were then contacted for interviews to identify what challenges they face in collecting the aging A/R accounts. In doing so, the team hoped to identify similarities across the agencies that could be streamlined to increase the timeliness and amount of their A/R collections. The team also hoped to evaluate a root cause for slow or delayed receivables and identify a shared solution to help agencies recover a higher percentage of their A/R through normal practice. Ultimately, the goal is to understand what best practices exist to aid the agencies in more efficient collection's procedures.

Background

In 2016, Ohio Fiscal Academy Cohort 6 Team Checks & Balances prepared a case study titled "Accounts Receivable: Aging – Reconciliation – Collections". The current Cohort 10 Team Money Grabbers case study is similar in that it involved reviewing current accounts receivable practices of State agencies. However, it is different in that the current case study focused on the top five State agencies with the highest accounts receivable aged beyond 45 days, not including Ohio Department of Taxation. This case study assignment did not include a "debt collection" type solution. Current practices are like the findings of the Cohort 6 Team Checks & Balances case study that stated the following:

"Currently, state agencies use various accounts receivable software, invoicing systems, monitoring/reporting tools, reconciliation processes, notification letters, and collection processes. The only existing standardization that we found throughout the state is the certification of aging receivables to the Attorney General's (AG) Office. State law mandates that receivables 45 days past due be certified to the AG for collection" (5).

The previous focus for implementing software technology accessible and beneficial to State agencies was for accounts payable and purchasing solutions. This case study explores the concept of implementing software and/or best practices for accounts receivable. Communication and understanding of the practices and policies of the State agencies is critical to successful implementation of new solutions.

Research Strategies

Our goal was to identify the reasons and causes of the delayed/aged receivables and discover a solution that the agencies could apply.

To begin our case study, we identified the top five agencies highest aged A/R are comprised of other state agencies, their own agency, the private sector, or non-State entities. This is an interesting factor that will merit review, research, mention, and identification in the case study. This could also steer our focus when it comes to root causes and solutions.

Team Money Grabbers researched the following to identify issues and solutions:

- Identify the agencies and the dollar amounts of aged A/R.
- Breakdown the reports by agency.
 - 1) Identify who owes the money.
 - 2) Identify how much is owed to the agency by customer.
 - 3) Identify the customers and separate by their own agency, other state agencies, other government agencies, and/or private sector companies/individuals.
- Identify issues or solutions that can be identified on the “surface.”
- Identify similarities.
- Identify the “why.”

To get to the root causes and any potential solutions. Team Money Grabbers had to apply multiple research strategies and methods to properly analyze. The team decided that we would share responsibilities of fact-finding and research by giving team members a particular agency to contact and share with the group. Standardization is a key component to ensure everyone is gathering the same type of information to later be analyzed.

Research strategies included:

- Run reports using Cognos BI in MyOhio.
- Develop a standard questionnaire to be used for interviews.
- Conduct phone Interviews with agency contacts using reports and questionnaire.
- Interview Subject Matter Experts to gain insight.
- Contact the supplier/vendor community for potential solutions that have already been identified in the industry.
- Research literature that is publicly available.
- Review available software that addresses our issues.

Team Money Grabbers has been in contact through various methods of communication including email, teleconference, and individual phone calls. This has usually been coordinated through the team leader (face-to-face is currently on-hold due to coronavirus). We have been meeting using the above methods every two weeks to ensure we are identifying any questions or concerns and to make sure we are meeting our goals.

Analysis

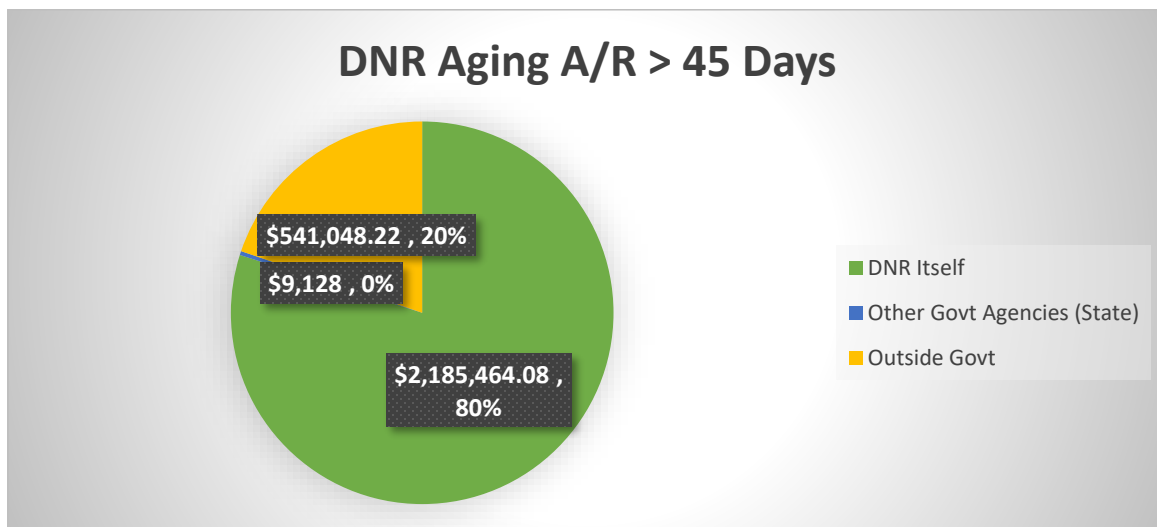
Below are the summaries of the phone interviews done with the top five agencies with the highest A/R accounts. Our team ran aging reports in OAKS BI and sent them to the agency interview contacts to discuss what accounts were aging, why, and what the different categories like Department, Fund Code, Customer ID, Customer Name, and Item columns detailed. An agency questionnaire was developed by the team so there was a consistent set of information for each of the five agencies.

DAS Aging - Excel																		
File Home Insert Page Layout Formulas Data Review View Tell me what you want to do...																		
Clipboard Font Paragraph Styles Cells Editing																		
A1 Department																		
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q		
1	Department	Fund Code	Customer ID	Customer Name	Alternate Name 1	Item	Item Line	Accounting Date	Balance A	0 to 30	De 31 to 45	C 46 to 60	D 61 to 90	E 91 to 120	Over 120	Collection	Dispute	
2	DAS505560	5C20	ZZZ03536	Harrison Township EMS	-	125C20M31410	1	Nov 23, 2011 12:00:00 AM	420	0	0	0	0	0	420	AGO	-	
3	DAS505340	1330	ZZZ03920	BROWN COUNTY MUNICIPAL COURT	-	1XG267	1	Feb 16, 2011 12:00:00 AM	265	0	0	0	0	0	265	AGO	-	
4	DAS505230	1330	ZZZ03920	BROWN COUNTY MUNICIPAL COURT	-	121330BMC12	1	Feb 7, 2012 12:00:00 AM	265	0	0	0	0	0	265	AGO	-	
5	DAS505560	5C20	ZZZ04947	US Customs and Border Protection	-	20R039987	1	Jul 5, 2019 12:00:00 AM	360	0	0	0	0	0	360	-	-	
6	DAS505560	5C20	ZZZ04567	Harris-Elmore Fire Department	MQ87	195C20MQ8707-ADJ	1	Jul 12, 2019 12:00:00 AM	90	0	0	0	0	0	90	-	AMT	
7	DAS501352	5PC0	MCD01	Office of Medicaid	U46	19-5PC0MCD01MCD106M3-ADJ	3	Aug 16, 2019 12:00:00 AM	93,771	0	0	0	0	0	93,771	-	-	
8	DAS505560	5C20	ZZZ03795	Adams County EMA	M211	195C20M21101	1	Mar 21, 2019 12:00:00 AM	120	0	0	0	0	0	120	AGO	-	
9	DAS505560	5C20	ZZZ03898	Village of Woodfield Police	MP82	195C20MP8201	1	Mar 21, 2019 12:00:00 AM	330	0	0	0	0	0	330	AGO	-	
10	DAS505560	5C20	ZZZ04043	OhioHealth Grove City Methodist Hospital	-	195C20N11601	1	Mar 28, 2019 12:00:00 AM	240	0	0	0	0	0	240	AGO	-	
11	DAS505340	1330	ZZZ01568	Children's First Inc. - Columbus	-	9Y5318	1	Aug 21, 2019 12:00:00 AM	-1.62	0	0	0	0	0	-1.62	-	-	
12	DAS505560	5C20	ZZZ03894	MONROE COUNTY EMA	MA41	125C20MA4103-ADJ	1	Dec 30, 2013 12:00:00 AM	42	0	0	0	0	0	42	AGO	-	

Agency Findings

Ohio Department of Natural Resources (DNR)

From the information gathered in OAKS BI, the breakdown of accounts can be seen in the DNR pie chart. Most aging accounts are made-up of the agency owing itself and the second amount owed by outside government entities. The below information for DNR was taken from an interview with Michael Sparacio conducted by Team Money Grabbers.



The Division of Wildlife's (DOW) two major categories of accounts receivable are Coop Farming Contracts and License Sales. DOW enters into contracts where farmers will work land owned by DOW and pay DNR, generally, annual payments based on their bid to work the land. License

Agents range from small “Mom and Pop” stores to giant chains such as Wal-Mart that can sell DOW license products such as hunting and fishing licenses.

The main account DNR sees with past dues are the Coop contracts. The main reason is that DNR does not have a “real” accounts receivable system in place for sending invoices and keeping track of what is due. It falls on area managers to manage their contracts and remind farmers that money is due each year. Generally, there is no intention of the farmers to not pay DOW, it just gets missed. Very rarely has DNR had to send a Coop contract to the Attorney General's office for collection.

The challenges are that DNR has varied pay schedules based on the contracts and little to no use of technology. It's been hard for DOW to work with the Information Technology section (IT) to develop solutions and get a product in place for our staff. On the license agent side, the license system will automatically attempt to collect each week if a license agent misses paying DNR based on their sales. When a license agent fails, their agent account is automatically locked from making additional sales. If contact with the agent and collections fail, DNR will send the account to the Attorney General's (AG) Office for collections. If collections after that is successful, it is the DNR Chief's discretion if the agent should be allowed to sell licenses again. With this system, DNR rarely has issues with agents. DNR needs a technological solution for the Coop contracts.

A solution has been in the works for the Coop contracts, but it keeps getting delayed. A total contract management/accounts receivable program has been in the works with DNR's IT and outside parties, but delays have prevented the implementation. This would automate a lot of invoicing and collection of data. DNR recognizes that other agencies and places have had to go third party for their accounts receivable needs as OAKS does not work well for accounts receivable.

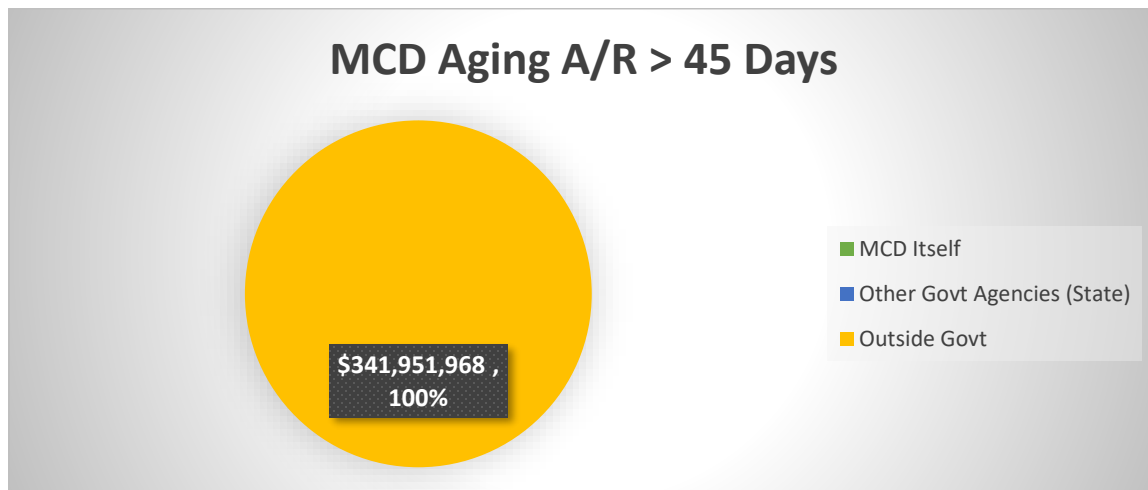
Generally, DNR's field supervisors use Microsoft Access or Excel for local management of contracts and billing. For the license agents, DNR uses a third-party system designed by Sovereign Sportsman Solution. They developed a website/program called the Ohio Wildlife Licensing System (OWLS). This allows a lot of automation including collections and data gathering. This has been used for around three years.

DNR's license sales are collected weekly through an automated ACH system based on the previous week's sales. No mailing is done. For Coop contracts, the farmers generally send their payments to the local district (DNR has five districts) so that the Wildlife Management supervisors can monitor contract compliance for their farmers.

According to Michael Sparacio, DNR needs to be leveraging technology and automated systems such as what they have with the license sales system. DNR's in-house IT has fewer employees so developing themselves is tough as they are spread thin. Funding can also be tough because these kinds of solutions can be expensive; technologies change, and needs change, so change orders can be expected on solutions, which increase costs. Questions need to be asked on why these solutions keep getting delayed and pushed back.

Ohio Department of Medicaid (MCD)

From the information gathered in OAKS BI, the breakdown of accounts can be seen in the MCD pie chart. Almost all aging accounts amounts are owed by private entities outside government. The below information for MCD was taken from an interview with Renee Gossett, Lawrence Harper, and Janai McMillian conducted by Team Money Grabbers.



The terms “providers” and “debtors” are used interchangeably in MCD’s A/R department. Providers are doctors, nurses, hospitals, clinics, etc.; essentially, any healthcare provider that offers Medicaid services to recipients. Medicaid claim payments are made weekly to providers, and payment amounts are processed in another area based upon submitted provider claims. Provider payments must be processed or they would not be able to afford to provide Medicaid services. Payments are the main source of income for many Medicaid providers.

A lot of the current debt is older and much harder to recuperate. Once a provider is no longer a Medicaid provider, it is hard to get any overpayments back from them. Those that are still providers do not have the means to pay back MCD for a multiple set of reasons (i.e. questions regarding why money is owed back to MCD, lack of cash flow, no longer operating as a healthcare provider). MCD A/R is working on reconciling the older debt but believes most of it will be considered uncollectable and will likely go through the process of writing off this debt.

According to MCD, there is very little guidance given for A/R at the OBM level. A good portion of MCD’s aging debt is “historic” and should be written off, but that is a tedious process to go through with the Attorney General’s office (AG). MCD would like to let go of older debt and would like to move forward with focusing on better/newer accounts since MCD is at the discretion of providers to pay back claim overpayments. A solution the MCD has been implementing over the past ten (10) years is moving to an offsetting function to reduce the claim payments by the amount of A/R owed; this has been a gradual process made by the program.

AG provides a template to report any debt that is 30 days past due. The template spreadsheet includes:

- i. Provider Number
- ii. Provider Name
- iii. Address
- iv. Amount owed
- v. Supporting documentation

An aging report is produced once a week from MITS to show any debt that is not certified. The current solution of offsetting debt by reducing payment amounts is the best solution thought of thus far. MCD is very interested in learning the outcome of Team Money Grabbers Case Study, and if OBM will provide more statewide guidance/practices for A/R. MCD has not identified best practices with other agencies in terms of policies and procedures for A/R. If anything, they serve more so a leader for other agencies and share processes they've developed internally.

The main software that is used is OAKS. OAKS is the "gatekeeper" as everything is stored in OAKS and is the main accounting system used by MCD for A/R. MITS helps fill in gaps from OAKS. In addition, MCD really relies on the Ohio Office of Budget and Management (OBM). Renee Gossett served on the OAKS implementation team back in 2007 and noted that A/R was not a focus point for the project. Revenue module and billing module do not share customers. Explained as, suppliers on the contract and A/P side align apples to apples statewide via the supplier OAKS ID. For A/R, this concept/practice is not the same. Customers are managed at the agency level and can vary by identification code (i.e. customer ID on the report.) This identification code varies agency to agency. The only consistent customers are state agencies, which customer ID's are controlled by OBM. Because of this, it took 3 years for MCD to get a good aging report.

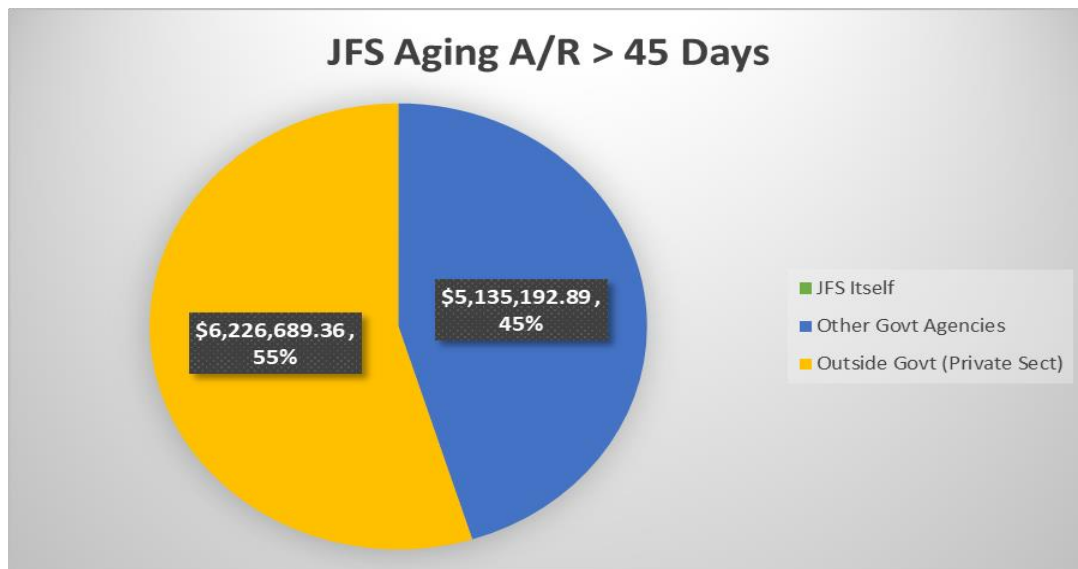
All bills are sent electronically and no hardware such as folding machines are used unless it is an "extremely special occasion."

Regarding the OAKS BI Excel report that was used to identify the aging accounts, the report is a combination of certified and uncertified debt for the agency. The certified debts (debt sent to the AG's office) totaled around \$352 million at the time of the interview.

MCD would like something consistent with the AG's system where OAKS can interact/interface. The AG is using a very old accounting system, and there is no consistency across agencies on how A/R is reported/managed. Additionally, they requested that OBM provide more direction and guidance as resources are needed for technical assistance/support. Expenditure account codes were revamped, but that has not happened for revenue and these codes are also no longer available on the OBM FIN Source site.

Ohio Department of Job and Family Services (JFS)

From the information gathered in OAKS BI, the breakdown of accounts can be seen in the JFS pie chart. The aging accounts are split between other, non-state governmental agencies and private sector institutions outside government with a slight majority to the latter. The below information for JFS was taken from an interview with Yvonne Gore and Eric Zhang conducted by Team Money Grabbers.



Ohio counties owe \$5.1 million and non-government entities (day care centers) owe \$6.2 million. The childcare and daycare centers A/R may relate to the implementation of the TAP system. Clients may have been overpaid due to the system. Fraud and mistaken overcharges by clients are another reason for aging A/R. Seventy-two (72) Ohio counties owe JFS due to many items, including the aforementioned. County A/R is not certified to the Attorney General for collection and some counties are on agreed-upon payment plans for 40 years to pay back overpayments due to findings by the Auditor of State.

Reasons for the aging accounts can result from different issues. Some entities have closed their business or are resistant to make a payment and some counties do not regularly check their email resource for incoming invoices. There is a lack of communication between the area requesting the invoice to be sent and notification of an invoice not being paid by accounts receivable and follow-up has not occurred routinely as it should have been to request past due payment. Therefore, lack of follow-up and responsiveness from the owing entity has been identified as an issue. JFS does not have a Debt Collection Unit to focus on this process to collect debt from these numerous entities for these various programs who owe JFS for services and products provided in good faith. For the most part there are no set policies with written consequences in-place for entities who owe JFS past due debt except for those who are certified to the AG's office for further collection. In addition, lack of follow-up once the accounts have been certified to the AG's office with account updates where the AG's office is continually collecting from the provider can take several years to collect.

Yvonne Gore stated that she recognized challenges faced in collecting the aging A/R accounts. Lack of communication between the area requesting the invoice to be sent and notification of an invoice not being paid by accounts receivable along with insufficient back-up documentation being submitted with the incoming payments make it difficult to post the receipts correctly. Entities also fail to acknowledge that invoices were received that JFS submitted and lack of follow-up to reconcile past due accounts and contacting the entities who owe payments to JFS. Entities also lack responsiveness and communication with JFS to discuss money owed to JFS. Another issue mentioned is that there are no consequences in-place to address entities with outstanding debt to JFS.

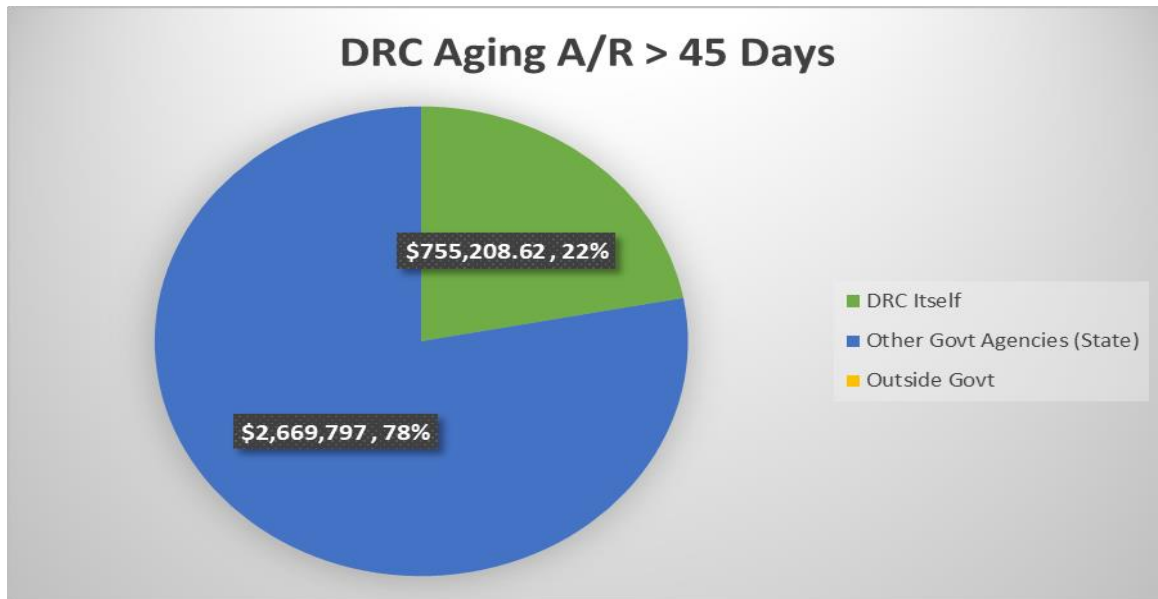
Solutions mentioned include a first step of knowing when an account is past due and to work-out a process between the requester and accounts receivable. Starting the collection process sooner and monitoring of billing errors would also be a step in the right direction. Preparing and submitting a monthly aging report to all requesters so they are aware of past due balances and better communication of requirements for the submission of good back-up documentation to be submitted with the check (i.e. a copy of the invoice sent to the entity, which is tied to the check being submitted) would assist in cutting down on errors that are a cause of aging accounts. Also mentioned was to set-up a better process to reconcile receivables to request payment on a routine basis from the entity who owes JFS for the receivable; organize a Debit Collection Unit within JFS to focus on collecting debt from these entities, to include a policy embraced by the agency that clearly outlines what steps will be taken at each stage of the delinquency process, that way staff are focused on this time-consuming task; routine follow-up with the AG's office on the status of accounts that have been certified; have a more stringent policy for entities who do not pay JFS for outstanding debt, possibly certifying the entity to the AG's office to collect the debt which is absolutely the last resort.

JFS currently utilizes COGNOS reports. Advantages to using this software are that it gives updated payment data and shows past due amounts and gives OAKS updates which show outstanding debt. Dashboard is being used for the Child Care Overpayments which is a new system that gives live data for the program staff and fiscal section to review at the time of updates. Also, for over twenty years JFS has used Microsoft Excel for the ease of use and being cost effective but it is not scalable and has limited features.

Bills are sent electronically via email and no physical hardware such as folding machines are used by JFS. Certification of providers to the AG's office is also done electronically via email.

Ohio Department of Rehabilitation and Corrections (DRC)

From the information gathered in OAKS BI, the breakdown of accounts can be seen in the DRC pie chart. Most aging accounts are made-up of other State agencies owing DRC and the second amount owed is from DRC itself. As will be mentioned below, DRC does have a lot of private sector customers but they rarely see those accounts aging past 45 days. The below information for DRC was taken from an interview with Connie Treece and Ann King conducted by Team Money Grabbers.



It has been recognized that there are multiple reasons for why A/R accounts have aged beyond 45 days. In February of 2018 DRC made a switch from Sightline software to Global Shop ERP (enterprise resource planning) software which according to the interviewees, was a monumental change; the new software did not produce an aging report for the manager to review. Staff changes for the group responsible for making corrections to accounts and collections occurred from February 2018 through December 2019 which also contributed to the responsiveness of the agency to collect or identify the aging accounts. The Ohio Penal Industries (OPI), which is the business entity of DRC which sells products for DRC, is also owed monies by DRC branches which is an important issue to address since this is needed revenue.

DRC/OPI does have procedures in-place to collect past due A/R accounts. If aging balances owed by DRC to OPI have not been paid, the DRC/OPI A/R section will transfer money from the centralized department and they will pay the bills for DRC to OPI. Budget staff will pay from the central office and these accounts are not submitted the Attorney's Center (AG) office. For all customers that are not State agencies that have aging accounts, those will go to DRC Legal then to the AG. This is a rare occurrence and maybe happens three times during the year. State agencies that have aging accounts will not be turned over to the AG but DRC will contact the Ohio Office of Budget and Management (OBM) to collect; this works well and they do get the monies owed. This is done manually by the supervisors or managers; first, they will make three calls to the customer before it is submitted to OBM. To address the issues that DRC has been able to identify (and to discover those that haven't) they will be developing a new section at OPI that will handle A/R going forward. This started on June 18, 2020 and DRC/OPI hired a new, contract employee that has a master's in accounting and has experience in collection. This person will not receive the payments collected but the money will go to the centralized unit.

The switch in software created some issues initially about reporting that since have been resolved. Global Shop ERP is "off-the-shelf" software as well as being semi-customizable. The ability to customize the software enabled DRC to resolve the initial, identified problems and DRC expects that they may need to make changes in the future. Having a software product that allowed for the agency to make updated/changes greatly helped DRC rather than having a product that was strictly "off-the-shelf."

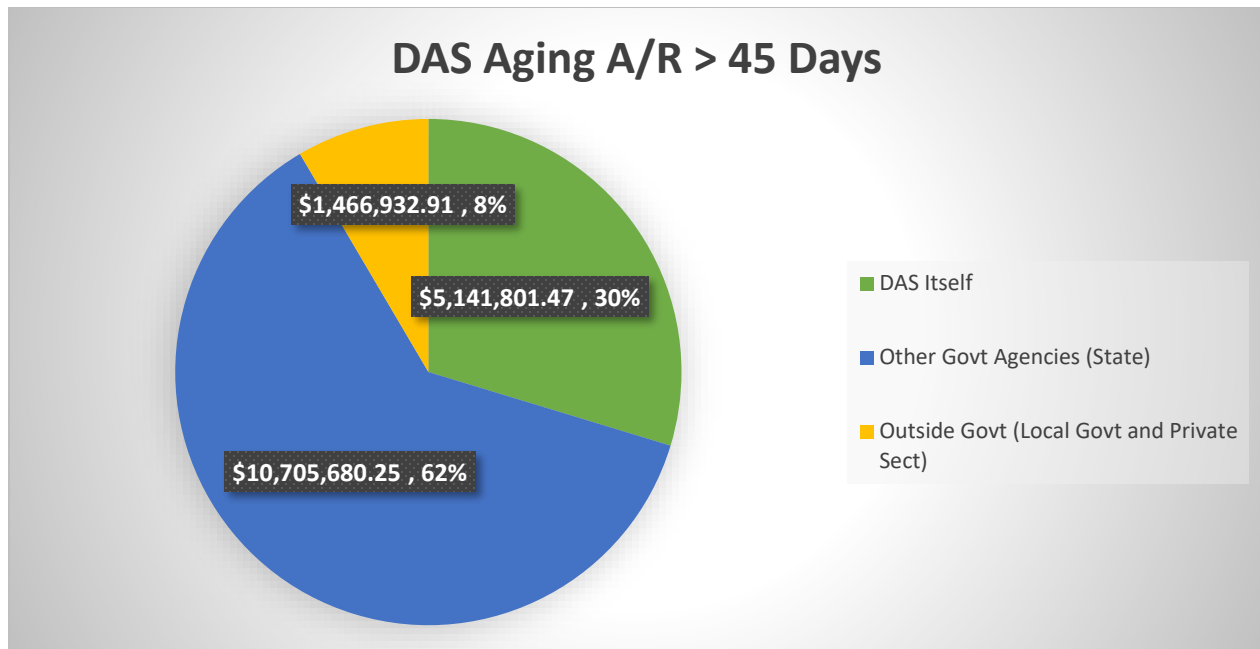
In the recent past, DRC sent emails or made phone calls all done manually through the individual staff to notify account holder of past due invoices. No physical letters were sent or hardware such as folding machines were used. DRC/OPI does send physical bills monthly to their private sector customers. For State customers, DRC/OPI sends the invoices to Ohio Shared Services (OSS) and OSS will create ISTV vouchers for the State agencies to pay their bills.

DRC also identified some additional, recognized issues with the software and staff. Billing is not on a “normal” cycle, DRC needs statement and regular monthly billing. Things also “fall through the cracks” since a lot of A/R information needs to be entered and done manually, and a lot of the process is not automated through the DRC software system. Situations include needing to prompt when a sale is made, and an invoice will have to be generated manually by the DRC staff. Other issues mentioned were staff negligence and employees in different buildings (information sent back and forth getting lost in the shuffle). An important and interesting fact mentioned during the interview was that some of their senior staff found that learning the new ERP system was complicated and that they were set in their ways; this caused employees to become disgruntled, caused them to “drag their feet”, and some (the interviewees thought) would make errors intentionally to maybe show that the old system was better so they could go back to the way things were and avoid the learning process of new software.

What DRC A/R staff would like to see is an automated turnover and an automated process through OAKS to assist with their State agency customers billing. An automated process could generate three (3) late notices then get turned over to OBM for collection of payment to DRC/OPI is another idea thought to be a great help. This would get away from so much of the manual information that needs to be input by the A/R staff and cut down on the human errors and disgruntled employee attitude.

Ohio Department of Administrative Services (DAS)

From the information gathered in OAKS BI, the breakdown of accounts can be seen in the DAS pie chart. Aging accounts can be grouped into two categories, state customers, and non-state customers. Most aging accounts are made-up of other state customers owing DAS including DAS owing itself approximately thirty percent of the total debt past 45 days. The remaining balance can be divided into two groups, state customers (excluding DAS) owing another sixty-two percent, and non-state customers owing approximately eight percent. The state customer category includes boards and commissions, while the non-state customers is largely made up of local government such as police departments, emergency medical services, and fire departments. The below information for DAS was taken from an interview conducted by Team Money Grabbers.



State government customers and non-state customers are billed differently. The billing systems used for the state customers are OAKS and CABS. Consumption data goes into CABS and uploads into OAKS. State customers are billed through the State of Ohio financial system, OAKS via ISTV's, and non-state customers are sent paper invoices via USPS. During January 2019 the Ohio Office of Information Technology (OIT) financial office and the Department of Administrative Services (DAS) financial offices merged. Shortly after that merge was the transition to a new billing system for data consumption called CABS which replaced the older system, SUMS. The beginning of fiscal year 2020 led to further changes in billing when DAS went from quarterly billings to monthly billings on most services.

The new system created some billing issues. The main reason for state customers not paying on time is confusion such as they are not sure what they are being billed. When billing switched from quarterly to monthly it resulted in some issues with getting the data timely.

Non-state customers receive paper bills that are printed and mailed from State Printing. Sixty-seven percent of the non-state customer balance is from MARCS radio invoices. The biggest challenge in getting non-state customers paid on time is not having up to date addresses. There is not a process in place for the financial office to receive updated addresses for these customers, and the point of contact for the customer can change often. The MARCS accounts fall behind due to the customer invoice not being delivered to the correct person to act on it, and often goes unpaid until the DAS AR unit is able to research the invoice to obtain better contact information.

DAS has had several changes to billing over the past couple years including combining OIT and DAS fiscal office, and a new billing system. Most recently they have produced a customer dashboard for state customer's to be able to view the data consumption for the invoices they receive via ISTV. This should allow state customers to be able to clearly see what they are being billed for and cause less confusion.

Implementing Software Solutions – Ohio Buys

There is an electronic procurement software solution currently being implemented by the State of Ohio. To get an understanding on how an A/R state-wide enterprise software solution would work for state agencies, Team Money Grabbers interviewed several individuals that have been involved in the process. This gave us an understanding of what works well, areas that can be improved, and how a system integrates with OAKS FIN (Ohio Administrative Knowledge System Financials), the statewide enterprise resource planning application.

Kelli Whalen is a Financial Program Manager at the Ohio Department of Public Safety (ODPS) and an Agency Business Analyst on the Ohio Buys Team, or as she calls herself and others in her position, an agency lead. In her role for Ohio Buys, she navigates her agency through requirements, gathers information, and coordinates with the business units of ODPS to make sure they get training. She also works as a liaison to gather information from ODPS and other agencies to see what is needed then works with the developer to implement solutions that were addressed. She also participates in all design sessions, releases, and supports her agencies as well as others where needed.

Whalen recognized several items that have worked well during the Ohio Buys process. One is the fact that the agencies were given an “agency change manager” that focused on a handful of agencies to make sure that the agencies had the support and training that their folks needed; having multiple people in this position instead of just one for the state made a big difference in making sure each agency was heard and having their concerns addressed. Another reason that the process has worked well is that her agency, ODPS, has been accepting and willing to make the change to Ohio Buys which in-turn made it easier for someone like her as an agency lead to operate and be effective. She experienced very little or no pushback from her agency since they were so willing to test and participate in the process; agency “buy-in” is recognized as an important factor to success of this type of a project. Collaboration between the agencies worked well and was the last point Whalen had to add on what worked well during the process.

So, what didn’t work well? Whalen mentioned that scheduling did not work well in many cases. Often times, deadlines were set with no realistic way of meeting them. Not enough time was given initially between releases and there was not adequate time, therefore, to get the proper training completed. There needs to be enough time to satisfy requirement needs and this has been addressed in release three. To make implementation go more smoothly, it is needed to learn from mistakes and correcting them sooner rather than later.

Whalen also touched on the human aspect of software implementation. Listening to the people who are participating and embedded in the project; if something is not working out, address those immediately. Get people involved and communicate more effectively and recognize those who go above and beyond to support and help others. People should be transparent, if something isn’t working quite right, share your thoughts and opinions, as you don’t know if someone on the team will have feedback that leads to a solution! Involve people on your team that have different perspectives as it is always good to have those eyes and ideas from those on the outside looking in.

Ohio Buys is integrated with OAKS and information entered into Ohio Buys is consumed by OAKS if it is capable; since there is so much information in Ohio Buys, not all will carry-over but

the most relevant information as it relates to financials will. Eventually, all Ohio State agencies will move to the Ohio Buys system for their procurement needs; and OAKS will remain for agency financials.

Kyle Bailey is a Program Administrator 3 at DAS and a Business Analyst Non-IT for the Ohio Buys project. Part of his role to make sure that the requirements of the contract/project are followed and that they are designed and configured into the system; making design decisions and making sure it is aligned with the contract. His team assists in building in all the controls and requirements as it relates to the contract with the vendor making sure they are met and being implemented. This in-turn meets the requirements with the suppliers and their owned contracts with the State of Ohio and the contract participating agencies. Outside of the design portion, he does a lot of testing, training and development, and resolves issues that may arise.

Bailey stated that a successful aspect of the Ohio Buys implementation was that they have rolled-out the software in “releases.” This gives them the ability to take “lessons learned” from one release and apply those to future releases to ensure success. Each release has its phase, design, test, and training. They analyzed the releases to discover what worked and what didn’t. Also, each release may have a different stakeholder. Release two was agency heavy with creating requisitions and doing purchases where release three will effect more of DAS’ day to day with the contracting portion of Ohio Buys.

Different phases of Ohio Buys, not all, will be recorded in OAKS. The purchase requisition (PR) and purchase order (PO) flow are integrated in OAKS, when a PO is cleared in OAKS it will then clear in Ohio Buys and be ready to dispatch to the vendor or supplier. While doing a PR in Ohio Buys it will also integrate Release & Permit numbers, Controlling Board numbers, and supplier threshold stats from OAKS. This is a key benefit to know if you have exceeded your agency Direct Spend Authority (DPA) before you route through the approval flow. When a contract is created it will integrate in OAKS, if you buy an item in Ohio Buys, it will recognize that the Ohio Buys contract is on a DAS contract and not use the DPA, but if you have another cart item that is off contract, it will create multiple POs one against DAS contract or maybe an agency contract or DPA with no contracts. Agencies will be able to create their own agency specific contract with a CB number, normally that would go against DPA, but it will be applied to the CB as the spending authority. This integration with OAKS is a key part of the Ohio Buys project and had been tested by a sub-group; making sure there is proper time to test and develop is a key component to the success.

A relevant aspect to topic of accounts receivables surfaced during Team Money Grabbers’ research interviews, and that is “Revenue Share.” According to Bailey, certain contracts that DAS manage establish and require suppliers to pay revenue share. The supplier will owe a fee to DAS based on the revenue share percentage for the contract; they owe that fee back to DAS. This will be recorded and charged to suppliers and will all be done through Ohio Buys. For every supplier that has one of these contracts, they will receive a notice to enter and report the revenue; there is a tab for Revenue Share. This data will already be in Ohio Buys the purchase was originally done through the software system. Not all purchases will have been done through Ohio Buys, so the supplier would then have to enter the revenue manually. Total spend utilizing the contract is this dollar amount and a percentage is what is owed to the State. The supplier will need to report their contract revenue/spend for the fiscal year and if they don’t, Ohio Buys will send notifications. According to the contract, the supplier has a timeframe where a Complaint to Vendor (CTV) can be submitted and a timeframe for the supplier submit payment.

Another notification will be sent that the supplier recorded revenue but did not apply payment. The supplier completes how much revenue/agency spend against the contract and determines how much they owe, then pay to a DAS team that will determine where it should be applied and if it is the correct amount. There are controls in-place through Ohio Buys on who can see what. Notices are sent automatically if reporting and / or payments have not been submitted. Ohio Buys is an improvement on PIMS as it improves logging and tracking payments, initiating notifications, and putting controls in-place for who can file CTV.

When Bailey was asked about the Leads Meetings, he offered that it seems like having the high-level stakeholders involved is a great idea. Having people invested in the success of the project is vital to its benefits. Those who have a stake should be kept in the loop and be involved to create the line of communication and keep ideas flowing. To Bailey, there is a fine line between getting everyone too involved and not enough but that there needs to be a layer of involvement for the agencies and their people. Having input from the agencies that will be impacted and making sure that their employees are involved as much as possible is a good thing.

Challenges of Integrating New Software into the Work Environment

Introducing new technology in a work environment can have its ups and downs. Businesses need to adapt to updated technology and software's to meet customer needs and produce a productive work environment. Without proper management and training programs, it can be quite challenging, and employees will continue to do things the old way that they're comfortable with.

Resistance to Change - Change to new technology and software is completely unavoidable to keep up with modern day changes. One challenge in bringing in a new process is the resistance to change from employees. Some employees may embrace the change while others do not. It is important to understand that altering the staff's behavior about the new process will not take overnight. Some companies may have employees who have been there for many years and it could be unsettling to them as they have adapted to the way they do things with the old system and what they feel comfortable with. "Resistance to change is mainly an effort to maintain the status quo and resistance is a behavior put up to protect an individual from the perceived effects of a real or imagined threat" (Agboola, 2011).

Training - Training on the new technology and software is very important to keep your employees comfortable with this new change and keep up with day to day production. Whether the training is Web Based or an In-Class Instructor, the training program should be simple and self-explanatory for the employees to understand and create less confusion. Some employees may need to be hands on with the new product while others can just write down notes and be okay with it. Not everyone is going to learn at the same speed and if there is an instructor for this training program, they need to understand it may take longer for others to completely understand certain functions. The lack of training material and the lack of hands-on training will more than likely keep the employees discouraged from the new software and create frustration within the office.

Generational Concerns - The four generations in today's workforce can consist of "Baby Boomers" (1946-1964), "Generation X" (1965-1976), "Millennials" (1977-1995), & "Gen Z"

(1996-Current) (genhq.com). Each of these generations have different characteristics and skills that will influence how they learn and adapt to new technology and software. Supervisors and Managers need to take this into account as it may take longer for a “Baby Boomer” to understand advanced technology as it would for a “Millennial”. Millennials are the most advanced when it comes to technology opposed to other generations. This generation is very versatile and learn in multiple formats as it has been what they grew up with. As for the “Baby Boomers” they have been more comfortable with the old way and learning something new may be challenging.

New technology and software changes can be difficult to manage in a work environment given the different challenges stated in the above section. Companies need to keep open communication, hands on training, and monitor all the aspects of the change to keep and positive and productive work environment.

Creating an Organization for the Accounts Receivable Professionals

From our research, it is evident there is a lack of resources available for accounts receivable professionals within the State. While interviewing Ohio Shared Services to learn how they assist agencies in regards to accounts receivable, it was mentioned there are several resource groups available for specific fiscal professions, such as a support group for accounts payable professionals that meets monthly and quarterly agency procurement meetings for purchasing professionals, but there is no such group for accounts receivable professionals. In addition to an enterprise software solution, Team Money Grabbers recommends creating an organization dedicated to connecting A/R professionals from various agencies to establish a statewide network of resources.

“Why an organization,” one may ask? Well, theoretically an organization can be anything with a particular purpose, but it’s more commonly defined as a group of people working towards a common goal. In this instance, the common goals for professionals within this new organization are to establish best practices for managing accounts and collecting A/R in a timely manner. Establishing a new organization will allow for the development of operational rules, guidelines and boundaries, the division of work, and managing operational change. (Cummings and Worley 3-7)

Operational Rules, Guidelines and Boundaries: Although there are statewide policies/guidance and ORC requirements that must be followed, agencies have the discretion of implementing these regulations at their discretion. While there is some overlap in how agencies manage their A/R, there is little collaboration between them. Creating an organization for the A/R professionals could specifically address common issues they all face, in addition to identifying best practices and solutions to needs they may have.

Division of Work: While identifying an enterprise solution, an ideology was to consider if Ohio Shared Services (OSS) could serve as a centralized resource for agencies, similar to how they assist agencies with accounts payable. OSS interviewees Heather Tomlinson (Financial Program Manager), Tamara Wilcox (Shared Services Associate), and Helga Mattingly (Shared Services Associate) noted that OSS does not actually manage A/R accounts for agencies, but instead they process incoming revenue for the Department of Administrative Services and Aging due to the volume of incoming revenue these agencies have. In order to assist more agencies in

managing their deposits, a significant number of additional employees would be required. Additionally, to assist agencies in managing their accounts, significant training and standardization across the State would have to occur. Although OSS does not have the current capacity to manage A/R deposits for other agencies, this may be a solution in the future, especially if an enterprise software solution is available to assist agency personnel in focusing their attention on collecting aged receivables.

Managing Operational Change: Additionally, creating an organization can assist in the development and implementation of an enterprise software solution as the types of A/Rs vary tremendously across agencies. A/R professionals within the organization can advocate their agency's needs, recommend suggestions that would benefit the State as a whole, and also assist in implementing change management when it comes to the challenges that can occur when implementing new software.

Conclusion

We would be remiss not to mention the state of our current situation as government employees and as a society to put this paper in to context for future readers. We say this because future generations may be used to living in a pandemic society, where today, this has been a new situation for everyone living on the planet. Seven months ago, we were going into the office, eating dinner at a restaurant, attending in-class meetings starting the Ohio Fiscal Academy. As of writing this paper, we are still not going into the office or attending in-class sessions of OFA; we have become a remote society. COVID-19 has changed our direction as a society and we have had to adapt, and the government and its employees are no exception to that rule. We bring this up now because it is important to put this outlook into context not only for future readers, but also for the current reader to recognize that we are completing a research paper during an unprecedented epidemic in current times. So, we took that in-mind and focused on the "people" side of our topic and spoke to those with their proverbial "boots on the ground." After all, we (humans) are our most valuable resource, and everyone who has lived through a quarantine for three months has realized that and the importance that others play in our lives and for our wellbeing. So, we will present two solutions to the problem of aging accounts receivables at State of Ohio government agencies, but in reality, the only true solution is choosing to rely on the State's most valuable resource, the people who make it, the civil servants.

It was mentioned earlier in the paper that the OFA chose the topics and assigned them to the teams. Our team, Team Money Grabbers, received the assignment of identifying the top five State of Ohio agencies with the highest aging accounts receivables, finding the root causes, and trying to identify a solution. This was the first year that OFA assigned a topic to the teams, and as we later learned, this was the going to be a year of many firsts. Well what does that mean? The "highest"? Is that highest number of accounts, highest dollar amount? No one in our group works in A/R or has a background in A/R. Needless to say, none of us would have picked this as a topic. So, during our research we started asking ourselves, who would be the best group/team to come up with a solution. Hmm, BINGO, the government employees who work in A/R with their "boots on the ground." Naturally, that is where we started. We reached-out to the agencies we identified, and we talked to the people, the civil servants who have chosen to serve

the taxpayers of the State of Ohio, to serve their aunts, uncles, and neighbors. They are a resilient, dedicated bunch, those servants of Ohio citizens.

What was, and still is amazing, is that these people were so willing to assist us in our efforts. They picked up their phones, they answered their emails, and they allowed us into their living rooms via Zoom! We use this generically of course, because in 2020, “Zoom” is a term applied to any meeting/social software like Skype, Microsoft Teams, or GoToMeeting. All of these terms now in our common vernacular. We adapt, we survive, and we learn to excel.

The topics were assigned but we have also had a restriction put on our solutions; it has to be realistic and achievable. No legislative changes, no hiring of new staff, etc. Well, that was stated back before March, before a world pandemic had derailed our lives. That derailment, however, did not defeat or crash our lives, just put us onto another track and trajectory. Just because a pandemic takes hold, does not mean that the State of Ohio government wasn’t going to serve its citizens. We remote work if possible, wear masks, wash our hands, social distance, we cut the budget, we set the example. A solution that seemed viable before the pandemic, may not be as viable during or after. Agencies have had to cut their budgets and learn to run lean. The brunt of the load falling on the civil servant.

The team reached-out to the A/R sections of the agencies with the highest amount of aged accounts receivable and we talked to the folks in the A/R with their “boots on the ground” to get their impressions on what the root causes are and if they had any solutions. As mentioned previously, each agency is autonomous when it comes to their procedures and systems to collect owed money, so there seems to be no standardization or set guidance established by the state. Some agencies have already started to implement perceived solutions, such as hiring an independent contractor with a background in accounting to focus squarely on collections and trying a new software program. However, most of the notifications for late or owed balances and the entering of information is mostly done manually by the A/R staff. These situations create a cause and reason on why accounts are allowed to age.

The A/R sections all seem to want an enterprise type software solution that will integrate with OAKS; the latter is key for success as that is where all the agencies handle their financials. Well, implementing a new enterprise software solution for the State of Ohio’s agencies with an A/R section can be costly and take years to implement. So developing a new project independent of what is already in-place may not be a viable solution during and post COVID-19. The State of Ohio is already implementing two enterprise software solutions to standardize procurement and credit card payment logs. These are Ohio Buys and PREP (Pcard Reconciliation Enterprise Portal), respectfully. The team explored options with utilizing what the Ivalua, Ohio Buys system is already designed to do.

The team recognized challenges of integrating new software into the work environment. In our analysis, we found that employees tend to be resistant to change, training doesn’t always work for all, and generational concerns when adopting new software present challenges. So with other, new software systems being implemented it may not be feasible or fair to ask employees to adapt and learn another software system specifically for A/R. State government employees will already have to train in Ohio Buys and from our research, we learned that Ohio Buys is set-up for what is called “Revenue Share.” This function allows for suppliers to pay the state a percentage of their earned revenue that the supplier earned through payments made by agencies who made purchases utilizing the Revenue Share contracts. Not only does it allow for

payment to DAS, but the system will also, automatically, send out notifications for failure to report revenue and/or not paying the state its percentage of the revenue in a timely manner (as according to the Revenue Share contract terms). This could be a solution to the problem agencies have with manually notifying those entities who have aged accounts. And since Ohio Buys has up-to-date contact information, it would also ensure that the appropriate group would be notified at the entity since it was mentioned that agencies would sometimes have outdated contacts and their attempts to collect would go unanswered. If there is a way to avoid learning a new system for the employees, it would be beneficial to explore those options.

But what if there was a solution to problems that agencies face that cost nothing, and could be accomplished utilizing systems currently in-place? Team Money Grabbers believes that the State of Ohio's greatest resource and asset are the civil servants that create and operate the functions of the agencies. And as previously stated, the best group of people to identify problems and solutions within A/R are the employees who deal with it day-to-day. This could best be accomplished with the formation of a state agency A/R "working group." According to John Palermi, Ohio Share Services (OSS) is currently utilizing this type of practice with an Accounts Payable (A/P) monthly meeting via Microsoft Teams. These types of meeting started quarterly, then bi-annually, which resulted sometimes in old or no longer relevant information being received. Due to the demand and nature of working remotely, they have started to hold them monthly. An email with the meeting agenda, summary of previous meetings with questions and answers, and guidance is currently being sent to around 300 state employees with over 100 people participating each month for the live meeting. This has been such a success that now individuals from other sections and CFOs are asking to participate. In the age of COVID, people are looking for a way to come together and share thoughts and ideas and there is obviously a current demand for these types of programs in the State of Ohio.

These meetings started with agency CFOs, but it was realized that the CFOs weren't necessarily the ones who were handling the A/P and it was noticed that the information being provided to the CFOs wasn't necessarily trickling down to the workers. So, they developed a new team that was made-up of the actual workers handling payments. This group would give input to processes, present issues and come-up with solutions; if a consensus could not be achieved on how something should be handled, they would take a vote. This program is what shaped a lot of the current processes.

The A/P monthly meetings are organized by the OSS Change Relationship Management group. If a topic is not in the purview of the OSS team, they will reach-out and get experts for the topics that the agencies want to discuss. They get Subject Matter Experts (SME) from DAS and OBM to provide information and help answer agency questions. Members/participants of the monthly meetings will normally submit their questions ahead of time so that proper preparation can be achieved to have a successful dialogue and exchange of information. Communication is key and this program has opened up a line of communication between OSS and their agency customers and develops a relationship. Microsoft Teams is utilized as a medium since most agency employees have access and it does not create an additional cost to the agency. This also promotes the following of COVID-19 safety guidelines. Also, the software allows for questions to be asked anonymously via text and creates the ability for the questions to be followed-up on if an answer is not known at the time. An interesting point that Palermi brought-up was that his team associates are so enthusiastic about this program that they ask to take

turns hosting. There is a level of excitement and purpose through the ability to see or hear a concern that they can then address to fix the problem or issue with a new or improved process.

Can this model be applied to the A/R sections to address problems and develop solutions? Absolutely! And why stop there? This can be a model for any state agency section from receiving, procurement, to Pcard reconciliation. As identified through the research of this paper, it is vital to get the right people involved and to identify the stakeholders. Without getting these individuals involved, it would likely not be a successful program. And since each agency is autonomous and does not follow a standardized practice as it relates to A/R, an enterprise software solution may not be the best route. The best way to start, it would seem, is to get the agencies with the highest A/R in the same “room” with the agencies who excel at making collections on A/R. Opening up dialogue to share issues encountered and discuss how other agencies manage their solutions may be a key to finding a low to no-cost solution. Having others point of view or someone’s vantage point of looking from the outside just may be what is needed.

The OSS A/P monthly meeting can be used as a model for A/R to meet, discuss, and develop relationships outside of their agency. One of the greatest experiences from participating in the Ohio Fiscal Academy is the networking and relationship development we have had with individuals from outside our agency. We have learned just as much from one another as we have from the content. Why not give this type of opportunity to every state government worker and develop solutions to issues agencies face along the way? This type of a solution will call for volunteers from the agencies to organize and facilitate. But if there is one thing that Team Money Grabbers has learned during the process of writing the research paper, it is that the civil servants are willing, capable, and up to the task.

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