

**Business Process Improvements Project**

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**Texas Comptroller of Public Accounts**

**Texas**

**Category:**

**Enterprise IT Management Projects**

**National Association of State Chief Information Officers (NASCIO)**

## **B. Executive Summary**

The Texas Comptroller of Public Accounts collects the state's taxes, serves as the state's chief fiscal officer, estimates the state's revenue, maintains the state's treasury operations and manages state agency purchasing. Texas faces some unique challenges. The taxpayer base in the state is constantly on the rise, but operational budgets remain static, which means government entities must find innovative ways to do more with less. To improve customer service, boost agency efficiency, and save state money, the Comptroller's office created a Business Process Management (BPM) office to analyze agency processes and streamline processes.

This was no small undertaking at an agency that counts every Texan as a customer and generates and manages more than \$77 billion in state funds. The first task was to identify all Comptroller's office business processes. A small project team "mapped" the processes of groups throughout the agency. This intensive effort laid the groundwork for the project's ultimate success.

After identifying 46 processes from 20 divisions the project team reviewed, ranked and rated each process according to the possible risk and potential impact of a process improvement effort. Those that showed the most potential for realizing savings were chosen for the project. Process analysts and division staff worked together to implement improvements on 18 different core business processes within the Comptroller's office. Teams reengineered complex business processes to deliver substantial savings to the Comptroller's office, its employees and taxpayers.

Qualitative highlights of this work include:

- Increase in resource availability due to reduced variation in work;
- Implementation of visual management systems;
- Identification of future/further process improvement possibilities;
- Improved processes; and
- Improved service delivery to internal and external clients.

Quantitative benefits achieved:

- Cost savings and cost avoidance of \$4.89 million for fiscal 2007 and fiscal 2008; and
- Time savings of 22,897 hours per year.

## **C. Project Description**

### *Business Problem:*

The Texas Comptroller of Public Accounts was faced with a significant number of retirements, increases in workload (the Legislature was considering several high impact tax bills) and a restrictive operations budget. The agency's size – almost 3000 employees – often made communication between divisions difficult. While the Human Resources (HR), Innovation & Technology, and Operations division provided some agency-wide services each business division maintained individual ownership of common functions such as creating and maintaining software applications, purchasing and maintaining hardware, conference room usage and interview and hiring practices.

Some duplication of routine processes occurred which caused an increase in turn-around-time and significantly limited efficiency and production. Limited communication also increased the amount of Information and Technology (IT) systems utilized to support business processes. Each system required dedicated support which resulted in redundant support staff and several disparate IT systems.

### *Business Solution:*

The Business Process Improvement (BPI) Project included processes in the five core areas of the agency: Tax Collections, Statewide Treasury, Statewide Accounting, Purchasing and Revenue Estimating. The BPI Project focused on the first three core areas. In addition, agency-wide core support functions such as IT and HR were reviewed.

By focusing on processes, analysts were able to cross divisional boundaries and work with all levels of division personnel. They examined and documented each process from beginning to end. Process analysts strategically interviewed numerous divisional areas of expertise, management, middle management and front line staff. Additional focus was placed on interviewing identified SMEs throughout the three divisional areas. Many of these SMEs had detailed business knowledge that was crucial to creating effective and efficient processes. In concert with the BPI Project the agency initiated a suggestion box program encouraging employees to submit process improvement suggestions. The suggestion box program allowed anonymous entries and encouraged submission by publicizing "quick-win" suggestions.

Detailed role analysis ensured that each process had appropriate support staff in place. As one of the first steps in the process review, staff job descriptions involved in each process were examined to ensure that all functions within a given process were being adequately addressed. The role analysis reconciled actual job duties with the documented job descriptions and then categorized validated job duties into process roles.

Armed with direct divisional input, indirect input from the suggestion box and role analysis, the process analysts brought together staff that participated in each process, regardless of divisional affiliation, and brainstormed process improvements. Simple

tools and techniques such as swim-lane charts and showing “As Is” and “To Be” process maps side-by-side were effective in communicating the process weaknesses and in describing how process steps affected subsequent steps. Key process metrics were noted before and after process improvements.

By focusing on process and not organizational structure process analysts were able to shift functional ownership among divisions. The functional re-alignment was also supported by shifting supporting roles where needed.

*Length of Time in Operation:*

Although the idea for the BPI project was ruminated about for some time, actual project work officially began in April of 2007. Project work culminated in August of 2008 bringing 16 months of hard work and excitement to an end.

**D. Significance: How did the project improve the operation of government?**

The project brought together staff from different functional areas to work on the overall process. The BPI project engaged front-line staff and management at all levels. This set in motion cross-divisional improvements such as increased communication and improved cross-divisional cooperation. Divisional staff now has insight into their role in the process chain, how they are affected by upstream process steps and how they affect downstream steps.

The Business Process Improvement Project also improved government operations by providing project executive sponsors clear insight to process improvements. Executive sponsors were able to see immediate (quick-win) impacts of process changes and strategically plan for future process changes (roadmap) via other projects.

The project also created the Business Process Management (BPM) office to foster a continuous process improvement mindset throughout the Comptroller’s office. The agency has numerous divisions responsible for many different core business processes that in many ways are separate from one another. The BPM office has increased the focus on the total process from end to end allowing the Comptroller’s office to realize efficiencies that have significant, wide ranging effects.

**E. Benefits of the Project**

The BPI project underwent a rigorous validation process that was conducted by the agency internal budget analysts. Project savings for 2007 and 2008 amounted to \$4.89 million. Further savings were realized with a time savings of 22,897 hours per year. The time savings translated to about 11 fulltime employees. Examples of processes improved are:

#### Cost Savings:

- Improved mail sorting process by replacing mail sorting equipment with Postal Mail Boxes. The switch saved \$28,408 annually. An additional \$300,000 of costs were avoided by no longer needing to purchase a new mail sorter.
- Removed unnecessary document handling by eliminating microfilming of tax documents creating a savings of \$100,000 per year.
- Eliminated duplication of check encoding creating an annual savings of \$190,665.
- Moved data entry to in-house personnel to save \$196,926 annually. Saving was achieved by eliminating the outsourced data entry contract within Revenue Processing and absorbing the work within the division.
- Shifted contracted financial positions to internal full-time employees saving \$790,510 per year. Most internal positions were filled by previously contracted personnel.
- Reduced IT staffing requirements by 19.5 full time staff positions due to improved efficiencies, creating an annual savings of about \$586,000 in fiscal 2008.
- Moved divisional servers from contracted support to in-house support creating an annual savings of \$336,000 per year.
- Reduced printing and postage costs by eliminating printing or by web-publishing numerous agency publications.
  - Estimated year over year cost savings of \$111,053 in printing costs and \$25,742 in postage costs beginning in fiscal 2008.
- Automated the production of employee earnings and time statements. Annual savings of \$7,295 was achieved by no longer printing monthly leave and payment statements. Other agencies (Texas General Land Office and the Texas Department of Agriculture) using the system also realized time and cost savings.
- Check 21 is the latest standard in the banking industry. By becoming compliant with this standard, the Comptroller's office can now deposit checks electronically, thus reducing the time it takes to receive the funds, which increases annual interest earned by \$80,000. The Comptroller's office also realized a \$90,000 savings by eliminating equipment used for check processing.
- \$100,249 of annual cost avoidance by eliminating a divisional, Texas Procurement And Support Services (TPASS), Quick Copy service, since the operation was not recovering costs.
- Moved TPASS servers In-house from a third party vendor, saving an annual \$338,000.

#### Time Savings:

The Comptroller's office automated data exchange with the Office of the Attorney General (OAG), eliminating 208 hours of effort per year. Data was formerly sent via tape. This required the Comptroller's office to maintain 3,480 formatted tapes and to manually send the information. The OAG also realized time savings from receiving the files electronically instead of on tape

- Time savings for the Enforcement division of 400 hours annually was achieved by moving motor vehicle refund validations to the Criminal Investigations division. On average, an enforcement officer collects \$4,000 of state revenue per hour

spent on delinquent tax collections. Given this information, this time savings should lead to additional tax collections of \$1.6 million per year.

- The Comptroller's office automated the refunds process for the crude oil and natural gas (CO/NG) program, creating a time savings of 10,000+ hours per year.
  - CO/NG taxpayers can see their data online, improving customer service by allowing them to correct data issues online without manually working with the Comptroller's office.

#### Other Benefits:

- The Comptroller's office created transparency in government spending by utilizing Business Intelligence for State Expenditures to publish expenditure information on the Web. "Where the Money Goes" is a searchable page with detailed information about government spending.  
(<http://www.window.state.tx.us/comptrol/expendlist/cashdrill.php>)
- The agency increased value of an existing accounting technology contract by requiring fuller utilization of available contracted resources. As of May 2007, approximately 57 percent of the available time offered by a third party contract was being utilized (13,680 out of 24,000 hours). With assistance from BPI, the contract is on track to use the majority of the hours available at no additional cost to the Comptroller's office.
- BPI worked with Texas Online (Bearing Point) to set up an online shopping cart (TxSmartBuy) that went live in December 2008 to make it easier for state agencies (and local governments) to use the new strategically sourced state contracts. Benefits include:
  - Reduced number the steps to make a purchase for state agencies from 6 to 4. (From 7 to 4 for local government)
  - Reduced the average time from the submission of an order until the order is processed by the contractor from 7 days to 4 days.
- The Comptroller's office automated its internal audit tracking system to save 500 hours annually. Internal Audit is now able to track audits more efficiently using their new software implemented in September 2007. This improvement will allow Internal Audit to complete more audits per year and spend more time following-up on audit findings to ensure a full resolution. To help resolve findings faster, the software also allows divisions to view their existing findings.
- A more efficient hiring process achieved an 8 day reduction (26 to 18 days) in position posting time and another 8 day reduction (62 to 54 days) in hiring time. It also eliminated the denial letter mail out for an annual savings of \$2,091.

Along with the above benefits, the Business Process Improvement Project has also dramatically improved the customer service provided to Comptroller's office's clients. Increased self help and web based services have not only decreased cost, but also greatly increased the options provided to clients.