FI$Cal Purchase Order Payment History Search Tool Yields Transparency

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Executive Summary

Idea - State of California- FI$Cal Purchase Order Payment History Search

Over the last several years, businesses in the state of California have had to deal with previously unimaginable challenges. From closures and worker shortages, to reestablishing their presence in the communities they serve, the financial impacts were considerable, particularly to small and disadvantaged businesses.

Businesses who provide services to the state rely heavily on timely payments from state departments. While payment status information is available, businesses would often have to search confusing and disparate systems, causing a barrier to accessing the information.

At the Department of FISCal (FI$Cal), we challenged ourselves to create a more modern approach to data and transparency in the often complicated state payment process. The result: better support for businesses in forecasting state payment information, and for the state, lessening late payment fees to suppliers, resulting in overall state savings.

Implementation

Under the sponsorship of FI$Cal, and in partnership with the Department of General Services, an agile approach was used to develop a FI$Cal Purchase Order Payment History Search tool. This tool provides entities doing business with the state of California with multiple ways of searching for payment data and displaying information in a customer friendly format. The tool provides access to payment information for contractors, including invoice, payment information, and business certifications. The new tool helps to ensure statutory obligations are met and businesses are paid timely. With public access, parties are held accountable for swift payments, ensuring financial solvency. By using this tool, businesses are able to better understand their payment status, saving valuable time and resources.

> **" I was able to go into the system and look up both invoices and get the status in less than 5 minutes. This DVBE has been spinning his wheels for weeks trying to figure out payment and now he can simply go look it up first. "**
>
> -   **Angela Shell**
>   *State Chief Procurement Officer*
>   *Deputy Director, Procurement Division*

Impact

The new FI$Cal Purchase Order Payment History Search provides real time information and displays over a million payments to date, representing thousands of suppliers receiving state payments. As the world's fifth largest economy, California is making strides in support of economic growth and stability for all businesses. By developing this tool, the state demonstrates their commitment to faster payment processing and payment transparency as a core foundation for business partnerships.

Idea

Modernize public access to payment information

Prior to the implementation of the Purchase Order Payment History Search, state departments required suppliers to reach out to each department separately, via email or phone, to inquire about the status of a payment. Often the information to contact a person or office was difficult to find, either buried in small print on a department's website, or completely unavailable. Business suppliers would be required to send multiple emails in search of the correct contact, only to be redirected through a departmental maze, often resulting in confusion and frustration. Because of a lack of a unified system for processing payments, and the often siloed nature of state departments' business processes, suppliers frequently found themselves challenged, and even defeated, by the process.

On the other hand, state departments are often confined by red tape, paper processes and a slew of required approvals. State employees must abide by all laws, policies and regulations, and are often restricted from building more flexibility into their processes in order to comply with these requirements. This creates a gap between state departments fulfilling statutory and legal requirements, and the public perception that there is a simpler and faster solution to the process. Often, the public is unaware of the governing authorities that are put in place to prevent fraud and misuse of state funds. As a result, state departments and suppliers are often on opposite ends of a communication spectrum.

Since the pandemic, life has changed for everyone. Many who experienced hardships during this time are seeking out ways to repair relationships, rebuild communities, and honor financial commitments. People were forced to be creative by designing new business models, redesigning legacy processes and being innovative in a hybrid workforce. For FI$Cal and Department of General Services, one of the best ways we can help is by sharing data and telling a story in a way that would prove meaningful to our partners.

Maximizing data for effective tracking

The new Purchase Order Payment History Search provides more than just payment information. It offers a glimpse into how the state and suppliers are collaborating, providing centralized data that identifies areas for both success and needed improvement. As a transparency tool, it provides insights and estimated timeframes for small businesses for whom payment is critical to keeping their doors open, giving them the relief of knowing and planning for when their payment is expected. It shows where there may be delays in departmental processing issues or where departments are consistently exceeding expectations.

01 Procurement

02 Department Receiving Goods/Services

03 Department Undisputed Supplier Invoice

04 Payment Submission

05 Payment Issued by State Controller's Office

The Purchase Order Payment History Search also eliminates a substantial work load for both suppliers and departments. It provides a clear timeline from when a department issues a procurement, to the date a payment is distributed. While the concept is simple, this represents the first time in the state of California's history that such information has been centralized under a single system. By compiling the data of more than 150 state departments, both the state and businesses are able to access a wide array of data quickly, creating a modernized model, focused on improving and streamlining a complex system.

Aligning with State CIO Top Ten Priorities

Enterprise Architecture: Using the foundational support of the state of California's statewide financial system, FI$Cal, the project was able to consolidate procurement, invoice and payment data from over 150 departments. The project used existing enterprise tools such as Power BI with an integration from FI$Cal's cloud-based data warehouse to exclude any impact on a production system. The use of existing tools helps ensure a cost-effective approach to transforming government operations for public consumption.

Data and Information Management: The FI$Cal Purchase Order Payment History Search allows public access to government data in order to provide openness and transparency with businesses and customers. It fosters conversations and supports the refinement of processes

within and between governments to mitigate delays. Providing self-service access supports efficiency, time savings and lower costs for businesses and departments. Digital tools such as this new payment search make it easier to interact with the government, which drives confidence in businesses wanting to support a better partnership with public service departments.

Implementation

The beginning

The initial goal was a simplified approach to using existing payment data and reports to post on a public website. While the outcome of this goal is similar to what eventually was implemented, the structure of the data represented a complex web that would require significant work to reach the final goal. As an example, a single purchase order could have multiple invoices, resulting in even more payments. A constant challenge was the struggle with displaying data in a way that was user friendly. Due to the high volume of data, and the complex way it is stored, the FI$Cal team was charged with translating issues such as repeated entries, or a high volume of cumbersome and confusing data, into simplified values that a member of the public could easily understand. Additionally, the FI$Cal system also had a challenge: how could an extremely secure system, which is heavily controlled by access, roles and permissions, be adapted to create a public display of shared, searchable data on a public webpage?

How did we simplify?

The project needed a defined audience and that audience needed to be at the forefront of the user-centered design approach. Through collaboration with FI$Cal and the Department of General Services, along with our small business suppliers, departmental customers, the public and the development team, the project took an outside-the-box approach to interactivity. We identified core requirements to focus on, and then further refined the structure to enhance system usability. The team used an agile approach with weekly standups. The team listened to each other, shared openly and were supported in using mitigation strategies to work through challenges. This was an opportunity to collaborate on a shared goal, sharing information for the purposes of enhancing and automating customer experiences.

The end

What resulted with the FI$Cal Purchase Order Payment History Search project was a sleek, but useful tool, free of logins, passwords and lengthy requests for access. It provides a multi-functional dashboard approach to data searching and displaying information in a public-ready format. The information displayed shows payment information for suppliers, invoice information, and also distinguishes suppliers' certification characteristics. Suppliers can see the date a department marked an invoice received as well as the date payment was made. This helps to ensure statutory obligations are met timely, suppliers are paid accurately, and sub-contractors can hold the prime supplier accountable for judicious payments, further ensuring financial solvency. By using this tool, businesses are provided real time access to data, and can begin to thrive by understanding the processes, having untainted transparency of government operations.

Impact

California continues to adjust and modernize approaches to better support its business partners. With the tumultuous past few years, businesses are seeking the guidance and support of the state to further their focus on rebuilding and providing a long standing partnership. The state is using data focused on mitigating supplier pain points and supporting financial growth. In the past three fiscal years, the state's late penalties paid to businesses has drastically grown from approximately 750K to over $2.6 mil. For our small businesses, the number of penalties has almost doubled from 2,868 penalties to 4,652 penalties. This is a direct result of paper processes that have not been modernized to fit into a telework or hybrid working model. Without having staff in office, or dealing with continuous outbreaks, many of the current paper processes experience significant delays. Using data, these types of concerns are being brought to the forefront and the state is forced to revamp processes to better support timely processing.
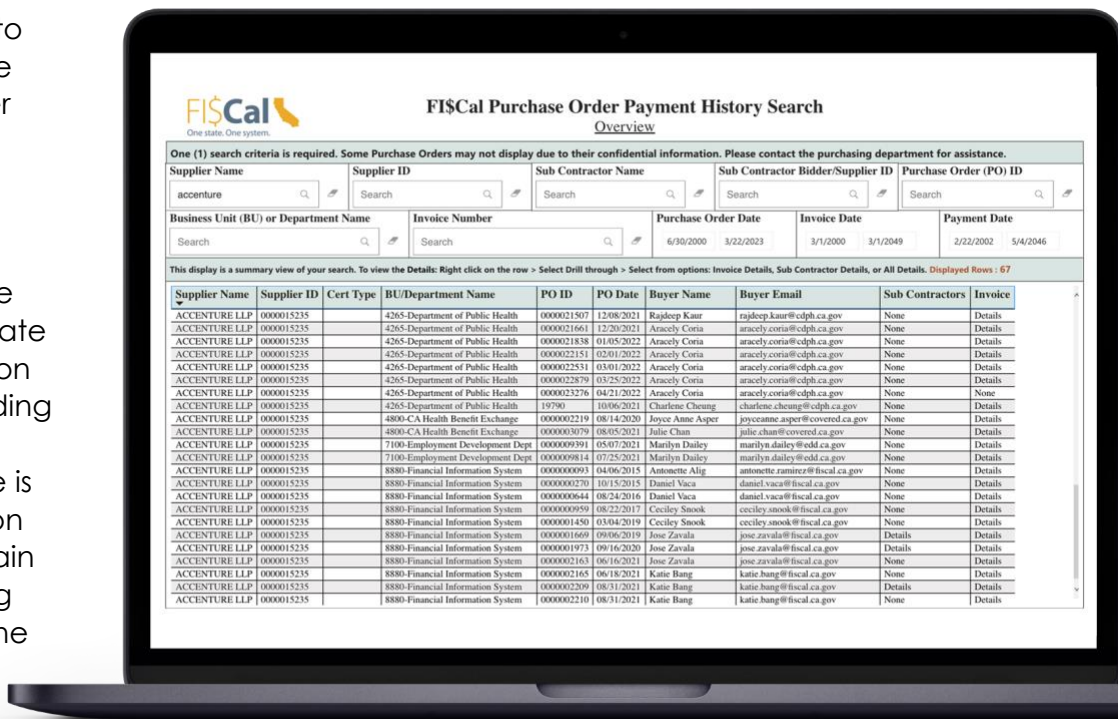
FI$Cal Year	SB: Penalty Count	SB: Penalty Dollars	OB: Penalty Count	OB: Penalty Dollars
18-19	2,868	$514,128	1,448	$348,036
19-20	4,926	$909,631	2,386	$1,114,361
20-21	4,652	$1,190,481	2,75	$1,574,126

SB = Small Business   OB = Other Businesses

The goal of the FI$Cal Purchase Order Payment History Search is to create constructive and encouraging communications between departments and suppliers. It brings the relationships to the forefront and supports collaboration on a path forward. In addition, this search tool has expansion plans in the works. The project is expected to release several more features to further enhance and share transparency with our business partners. The tool will begin to highlight departments that are paying timely, as well as those that experience abnormal delays, and will also include an exportable data feature.
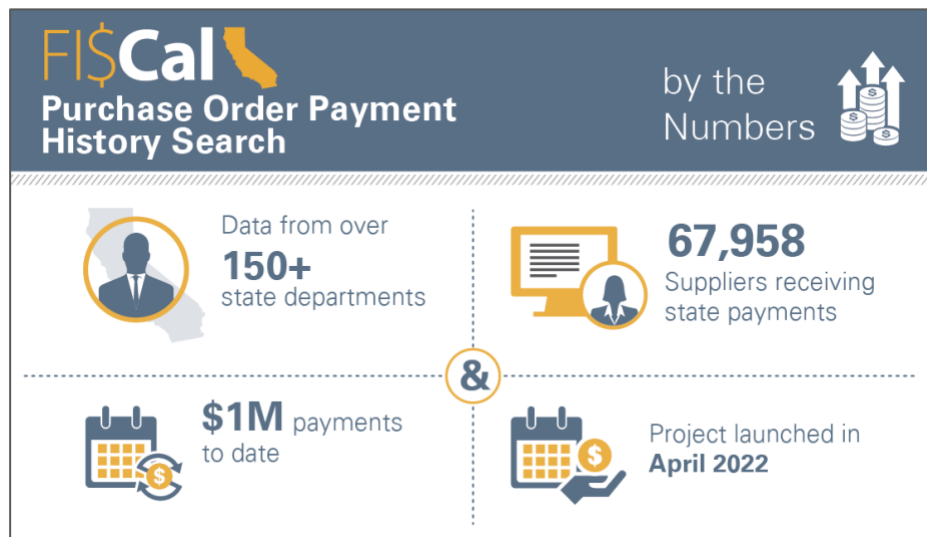
Currently the Purchase Order Payment History Search has over one million payments to date, with hundreds of thousands of suppliers receiving state payments to date. The data will progressively grow, but will be monitored to showcase the positive strides departments are making on creating more lean processes and improving communications with suppliers, further reducing penalties paid under the California Prompt Payment Act (California Government Code 927 et seq.)."

Since the payment search tool was released in April, 2022, FI$Cal, along with the Department of General Services, has already felt the success of the tool.

Suppliers have reached out to share praise, as this is data they never had access to previously. Departments are linking the Purchase Order Payment History Search tool to their own department web pages, as well as including links in supplier discussions and procurement documents. The self-service access has drastically reduced the number of payment conversations across more than 150 departments and alleviated a majority of the workload associated with tracking down information.

As we continue to highlight the success of this payment tool, we are committed to focusing on improving the quality and the availability of the data, as a commitment to our customers.