

Florida **PALM**

Planning, Accounting, and Ledger Management



BILLING & ACCOUNTS RECEIVABLE CHAIN OF ACTIVITIES LEADING PRACTICE WORKSHOP

DECEMBER 11, 2018



Agenda

- ▶ **Context**
- ▶ Brainstorming: Rose/Bud/Thorn
- ▶ Design Principles
- ▶ Leading Practices
- ▶ Break
- ▶ Breakout and Group Discussion
- ▶ Next Steps



Welcome

- ▶ Facilities
 - Restroom
 - Cafe
- ▶ Public Meeting
 - Noticed as Public Meeting due to ESC member participation
 - Materials available on Florida PALM web site for public
 - Recording meeting for note taking purposes
 - Producing official meeting minutes for publication on Florida PALM web site



Overview of Today's Workshops

1. The morning session focused on the customer record
2. The afternoon session will focus on accounts receivable and billing

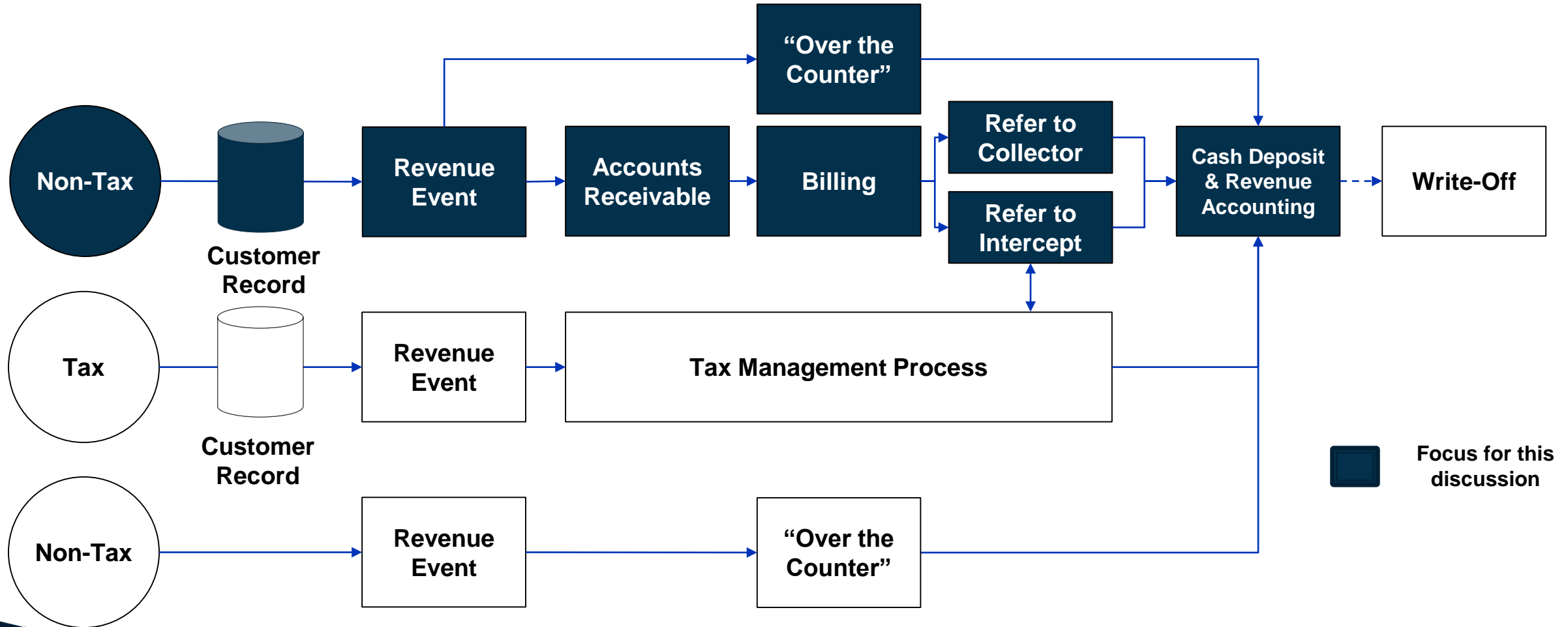


Recap from this morning on the importance of the Master Customer File

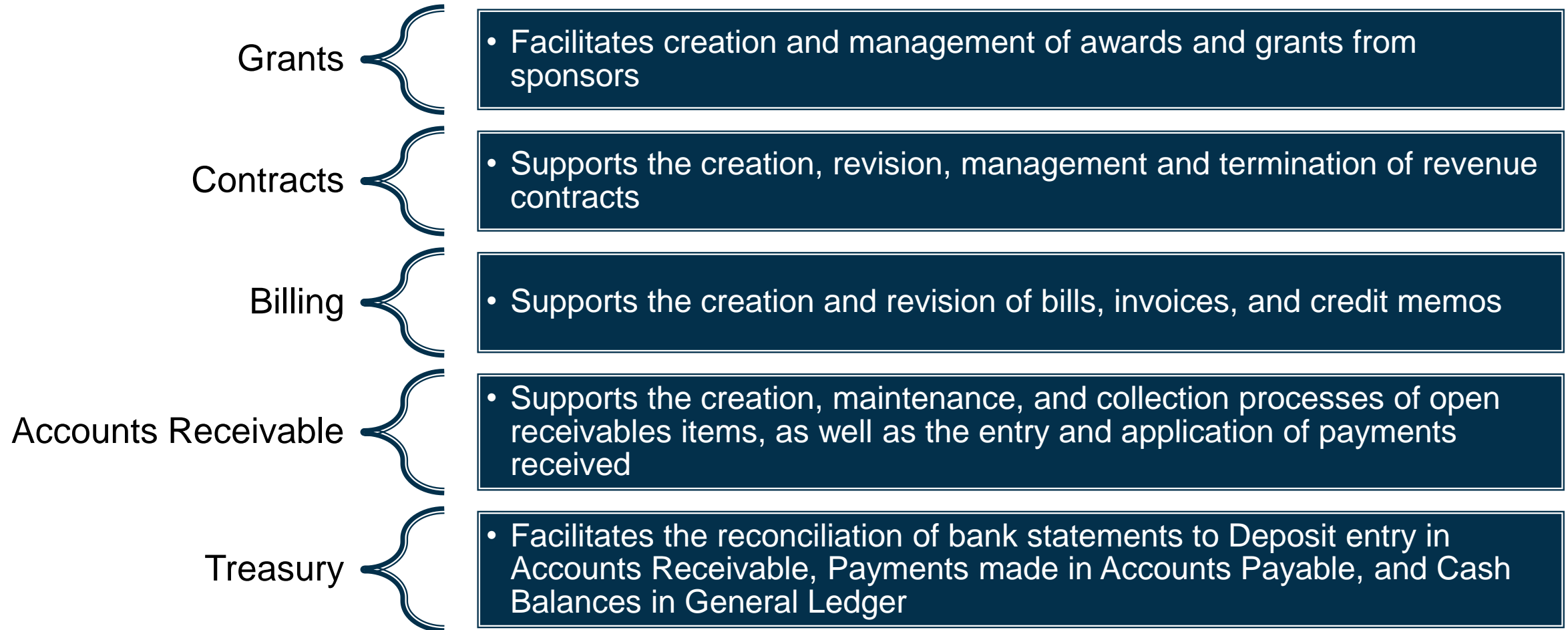
- ▶ Use a common customer identifier to enable data exchange across various types of customer records
- ▶ Build a master customer data approach to enable intercept/offset of accounts payable as a mechanism to collect delinquent debt
- ▶ Extend a master customer data approach to “intercept” at the point of service delivery as a mechanism to assist in the collection of delinquent debt
- ▶ Allow customer self-service, without diminishing state controls, to enter and update data into the customer record
- ▶ Address the privacy and security of customer records with strict confidentiality restrictions
- ▶ Adopt an enterprise approach to governance for customer data



How does Billing & Accounts Receivable fit into the Revenue to Cash process?



Billing & Accounts Receivable functionality in the context of an integrated Solution



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Brainstorming Activity: Rose, Bud, Thorn

In this activity, we will think about current accounts receivable and billing processes (FLAIR and agency business systems) in terms of:

- **Roses** (*Green Post-it*): What is currently working well, and you would not want to change? (e.g. functionality, process, other items)
- **Buds** (*Blue Post-it*): What is currently working OK, but could use some improvement or additional work?
- **Thorns** (*Pink Post-it*): What are pain points that make it very difficult to do your job and/or reducing productivity and efficiency?

Activity Instructions

1. Individually write down your Roses, Buds and Thorns on the Post-it
2. Each participant shares their Rose, Buds and Thorns
3. Collect and combine the Post-its into corresponding categories (Rose, Bud and Thorn)
4. Discuss the results in the full group



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Design Principles

- ▶ Support reporting needs
 - Revenue cycle
 - Management reporting
 - Month-end
 - Year-end (e.g., CAFR)
 - Grants (e.g., CMIA)
 - Collections enforcement (e.g., billing, dunning, write-offs)
 - Project cost recovery



Design Principles

- ▶ Support transaction processing
 - Promote operational efficiencies
 - Reduce cycle time
 - Minimize errors
 - Enhance internal controls with appropriate segregation of duties



Design Principles

- ▶ Capture at a level of detail that satisfies the mandates of federal and state government
 - Federal grantors
 - State criteria for revenue forecasting
 - State requirements for budgetary and cash control



Design Principles

- ▶ Enable multiple data exchange methods to allow for agency business systems that perform A/R Billing to continue to perform this function
- ▶ There are two classic approaches:
 1. Interface data from agency business systems
 2. Input data directly using the Solution



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Leading Practices

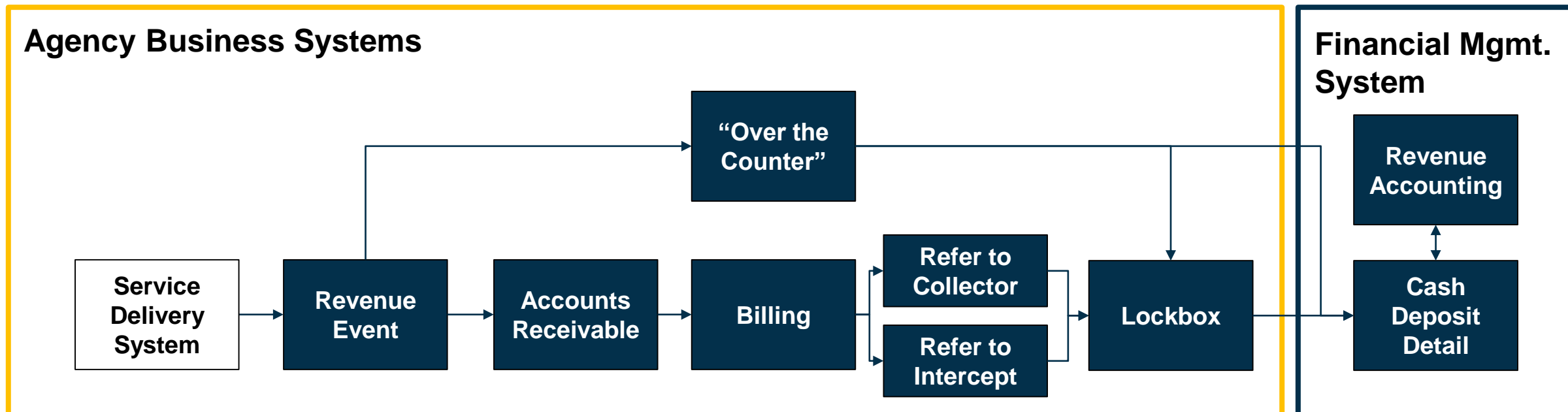
Implement statewide A/R Billing functionality, without disrupting agency service delivery, and enhance the revenue cycle management process

- ▶ Ensure all amounts owed to the State are recorded in the enterprise solution in a timely manner
- ▶ Offer agencies the capability to retain their current agency business systems and interface
- ▶ Make the enterprise solution available for agency billing and receivable management



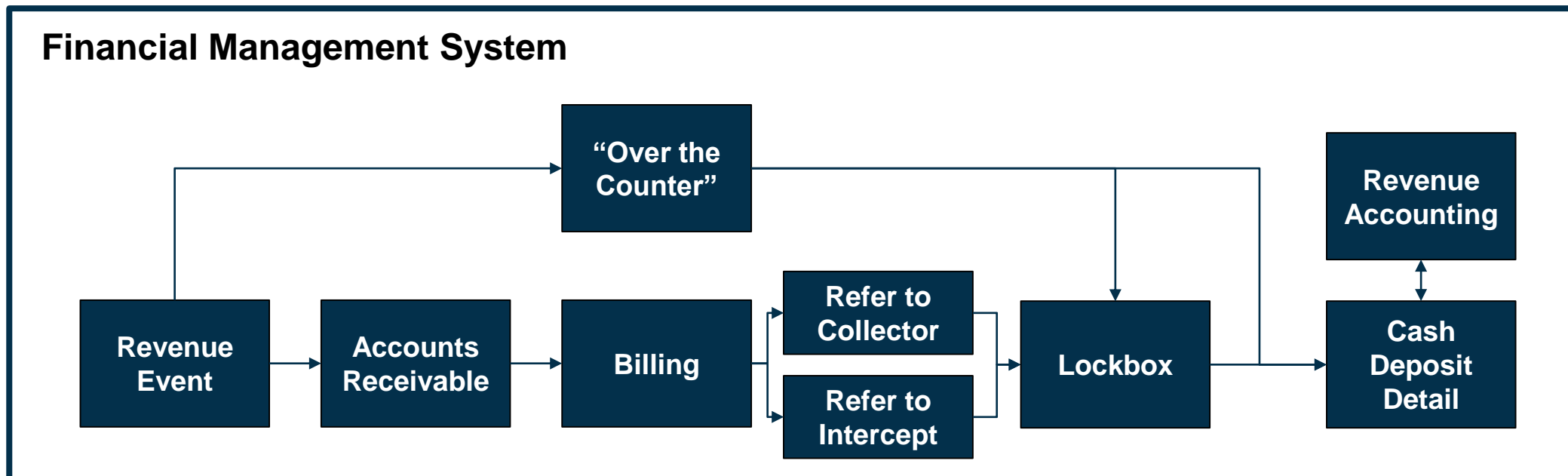
Approach 1: Interface Agency A/R Billing Systems to Financial Management System

- ▶ Agency uses its own systems/business processes for transaction processing and interfaces with the financial management system



Approach 2: Replace Agency A/R Billing Systems with Financial Management System

- ▶ Agency uses the financial management system for transaction processing



Leading Practices

Focus on controls throughout the revenue-to-cash process

- ▶ Conduct end-to-end risk assessments
- ▶ Employ preventative controls
- ▶ Employ detective controls



Leading Practices

Provide standardized functionality and business rules for agencies using the financial management system for billing and receivable management

- ▶ Offer specialized functionality through configuration – not customization
- ▶ Standardized rules might include:
 - Fees have a 30-60-90 day collection cycle and then referred to debt collection or intercept/offset
 - Fines have a 15-30-45 day collection cycle and then referred to debt collection or intercept/offset
 - Assess a standard set of penalties and interest on overdue debt
 - Support both periodic bills and cumulative statements



Leading Practices

Use sub-systems for transaction details

- ▶ The financial management system includes sub-systems and sub-ledgers such as Accounts Receivable and Cash Management that are integrated to the core accounting application
- ▶ Data elements such as customer number and transaction details can be maintained easily in the sub-systems
- ▶ The data can be easily retrieved or referenced from the General Ledger through the financial management system's relational database functionality



Leading Practices

Make it easy for customers to remit revenue

- ▶ In other words, accept all forms and channels of payment, such as:
 - ePayments (e.g., through the web)
 - Debit card
 - Credit card
 - Cash
 - Check



Leading Practices

Utilize intercepts to offset delinquent receivables

- ▶ Prioritize receivables
- ▶ Use intercept/offset across collection types (i.e., tax and non-tax)
- ▶ Include opportunities to cross jurisdictions (e.g., US Treasury Offset Program)
- ▶ Use common identifier in customer records (e.g., unique system-generated number)
- ▶ Extend a master data approach to “intercept” at the point of service delivery



Leading Practices

Create a capability to share best-practices for billing, receivables, and collection management

- ▶ A *community of practice* approach creates a virtual “group” of subject matter experts comprising practitioners from multiple agencies
- ▶ A *center of excellence* approach creates an organizational unit with dedicated staff and budget
- ▶ A *shared services organization* approach performs transaction processing on behalf of “client” agencies, pursuant to service level agreements



Break

- ▶ Let's take a 15 minute break



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Breakout and Group Discussion

- ▶ We will divide up into 3 groups
- ▶ Each group will receive a poster board with a subset of the leading practices we reviewed in the prior section
- ▶ Based on the group's discussion, you will have 2 tasks:
 1. Identify which current pain points (e.g., “thorns”), or other value the State will realize by adopting this leading practice
 2. Identify obstacles that might keep the State from fully adopting this leading practice
- ▶ Be as specific as possible!
- ▶ After 15 minutes, groups will rotate (there will be 3 rotations)
- ▶ Then, we will reconvene and report back to the full group



Breakout and Group Discussion

- ▶ **Green Post-it** = Identify which current pain points (e.g., “thorns”), or other value the State will realize by adopting this leading practice

- ▶ **Pink Post-it** = Identify obstacles that might keep the State from fully adopting this leading practice



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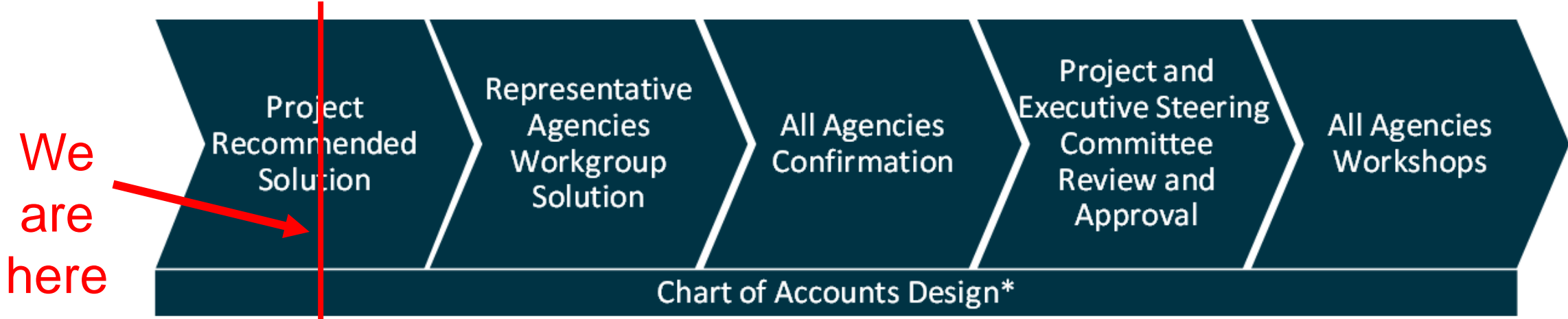


Exit Ticket: Leading Practice Ranking

- ▶ Before you leave please complete this ranking form
- ▶ On a scale of 1-5, rank each leading practice according to the following dimensions:
 - Degree of value the State would realize if the leading practice were fully adopted (5 = highest value)
 - Degree of effort for the State to fully adopt this leading practice (5 = highest effort)



Solution Analysis and Design



We are here

Design drafted through activities primarily performed by Project Team members, supported by Division SMEs, and leveraging Prototype 1

Design refined through Workgroup meetings with a small group of agencies, Project Team members, and Division SMEs leveraging Prototype 1

Design refined through Workshops with and feedback from all agencies

Design finalized through presentation to and feedback from the ESC

Finalized design communicated to all agencies through Business Process Workshops

* During Pilot period only



CONTACT INFORMATION

CONTACT US

FLORIDAPALM@MYFLORIDACFO.COM

PROJECT WEBSITE

WWW.MYFLORIDACFO.COM/FLORIDAPALM/

