

Finance

Where Everyone Counts



Lean Six Sigma GM Closing Expired Grants in SAP

December 18, 2013

LSS Process

1. Problem/Mission - Problem and mission statement
2. Voice of the Customer - Identify pilot departments, focus group, survey, conversations
3. Data - Pareto chart, data stratification
4. Process Map - Process map
5. Root Cause Analysis - 5 why's
6. Improvement - Mistake proofing, standard work
7. Control – Control Chart/6S

Mission

Define the problem...

Since the implementation of SAP in **2006**, **841** grants have not been placed in closing status in SAP. Due to the non-closure in SAP, there is difficulty in providing accurate financial reports.

Action...

Develop a process to guide departments to integrate the closing of grants with the grantor and SAP.

Process redesign
Standardization of processes
Cycle time reduction
Auditing



Voice of the Customer

Focus Group...

- ☐ **22 attendees** from pilot COH departments
- ☐ Topics Covered
 - ☐ Recurring Cost Charges
 - ☐ Timeline to closing grants
 - ☐ Barriers to closing
 - ☐ Grant Expiration

Results...

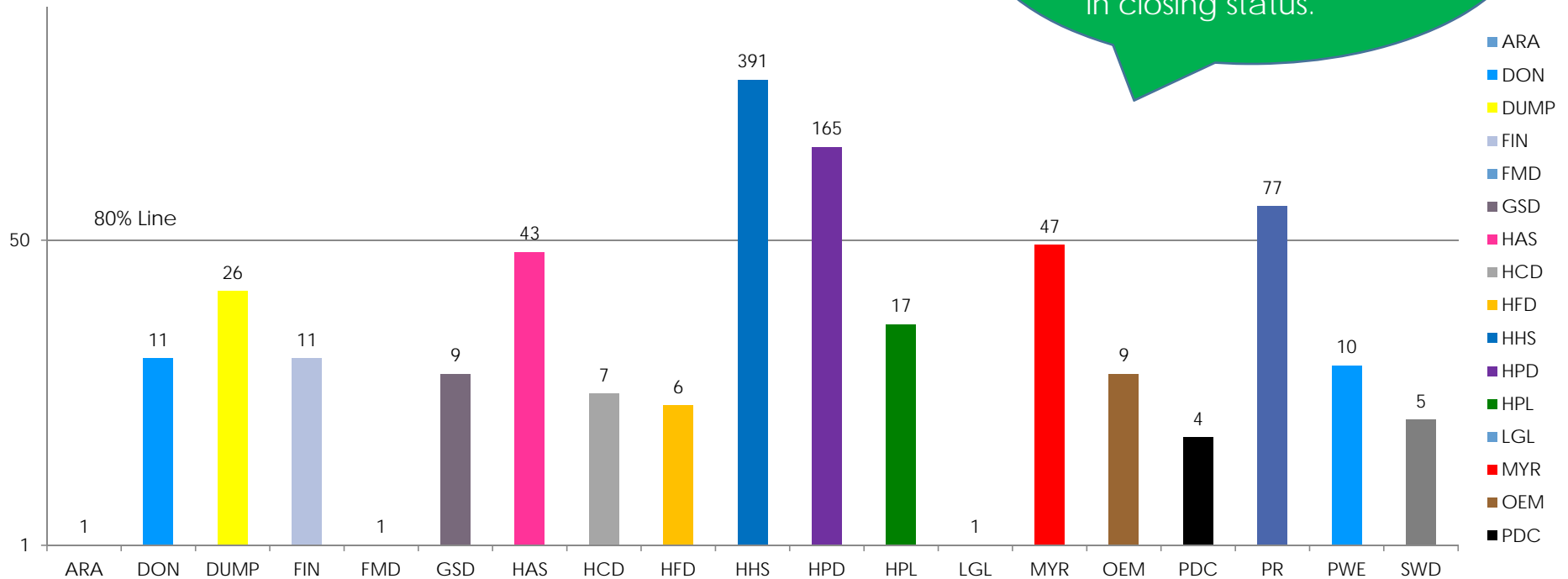
- ☐ Identify documentation needed
- ☐ Identify major topics for checklist
- ☐ Align closing packet with department's current closing activities



Data: 80/20 Rule

Expired Department Grants Pareto

Improving the process for HHS, HPD, and PR will have greatest impact on properly putting expired grants in closing status.



Pilot Departments

Health & Human Services and Park & Recreation –

- ☐ Identify current process
- ☐ Review support documentation
- ☐ Target areas created for initial test

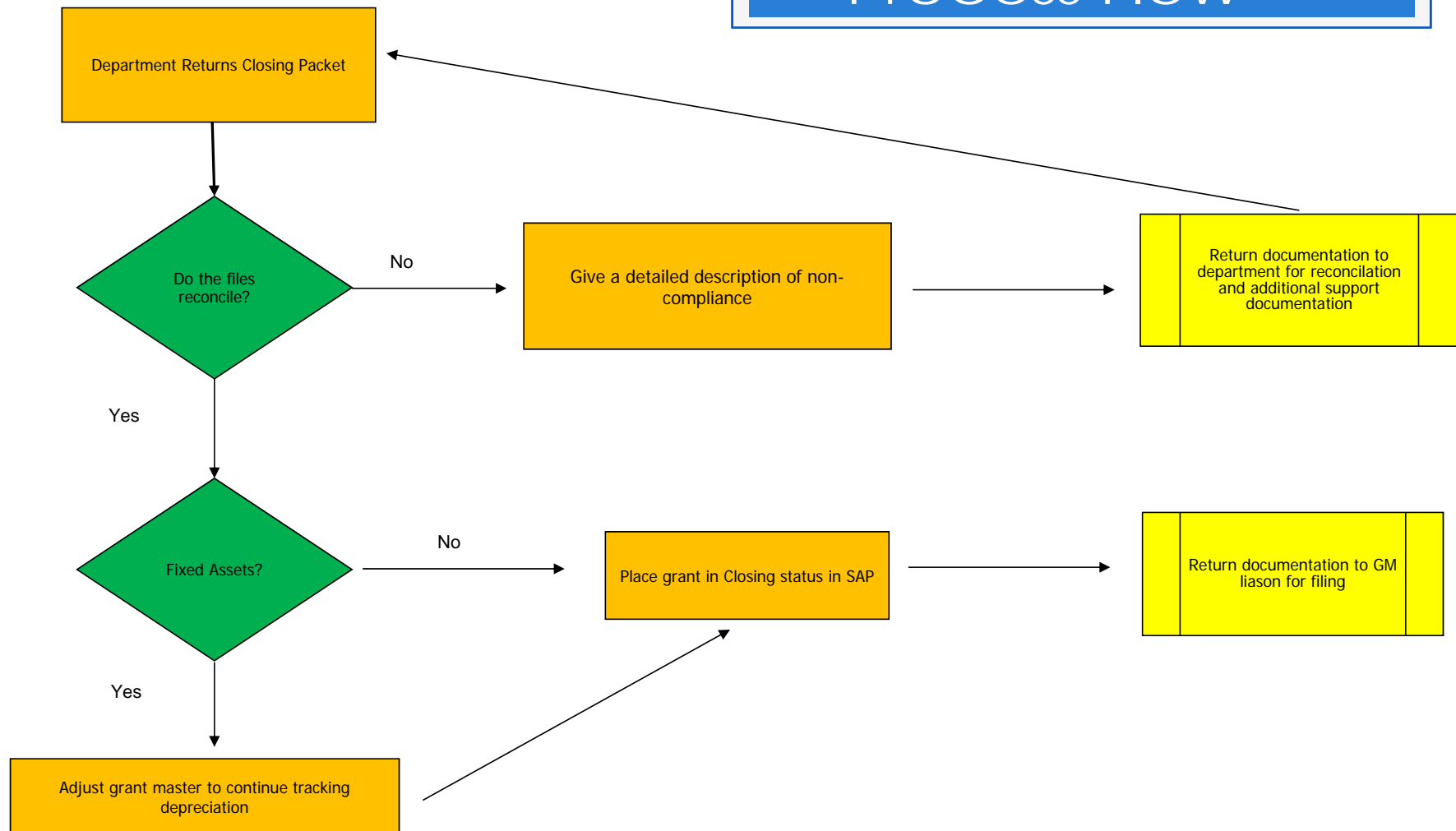


Houston Airport System –

- ☐ Fixed asset dilemma
 - ☐ 40 year assets
 - ☐ Maintaining depreciation



Process Flow



Root Cause

5. Departments have closed grants with their grantors, but grants have not been placed in closing status in SAP.

Why is that?

4. Few departments were unaware grants had to be placed in closing status in SAP.

Why is that?

3. Responsibility on both departments and GM staff to manually place grants in closing status.

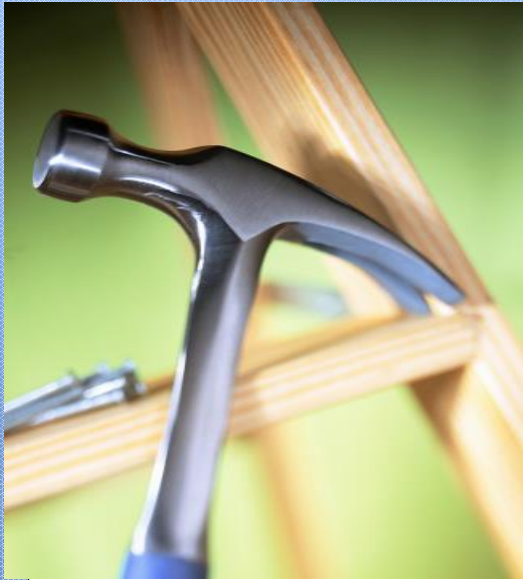
Why is that?

2. A process had not been developed or communicated to assist departments with placing grants in closing status in SAP

Why is that?

1. Reorganization of GM division was engineered to address accurate reporting and compliance of expired grants.

Improvements



❑ Facilitation

- ❑ Stratifying Data
 - ✓ Identify low hanging fruit to resolve
 - ✓ Identify and group grants for thresholds

❑ Replacement

- ❑ Fixed Assets
 - ✓ Incorporated a better process through SAP to continue to track depreciation after a grant is placed in closing status

❑ Detection

- ❑ Pooled Cash and Equity
 - ✓ An identified error that must be resolved before it can move downstream operations

❑ Elimination

- ❑ No Expenditure
 - ✓ Prevent accidental expenditures to expired grant

❑ Mitigation

- ❑ Current
 - ✓ Encourage departments to proactively work to close current grants as to not recreate current issue

Checklist

Grant Number: _____ Department Name: _____
 CFDA Number: _____ External Reference Number: _____
 Validity Start Date: _____ Original End Date: _____ Validity End Date: _____

Identify specifically who is assigned to each of the task below:

Financials:	
Personnel:	
Capital/Equipment:	

Based on the final report to the grantor that has been attached, has the following been completed:

Y N N/A

			CLOSEOUT CHECKLIST (See "Instructions")
			Recurring entries: Have entries that post automatically been removed from the grant? i.e. telephone
			Final purchases: Have all identified outstanding invoices and follow-up on any items been resolved?
			Over expenditures: Has an over expenditure incurred on the general ledger (G/L)? Has a budget correct to the accounts been submitted? (i.e. personnel, travel, subcontracts)
			Personnel/salary: Has payroll documents been submitted to transfer personnel from the grant? Has an alternative fund been identified for cost after the grant expired?
			Reconciliation: Has the financial final report been reconciled to the G/L? (Y_DRA_36000011)
			Cost Sharing/Match (if applicable): Has the cost share/match been met?
			Fixed Assets: Do you have instructions from the grantor on handling the assets associated with the expired grant? Has the asset been transferred, disposed, or returned? Contact GM for additional forms.
			Subrecipient: Has your subrecipient(s) completed their final report? Do you have a copy?
			Non-financial reporting: Have the final progress reports and other close out documents been sent to grantor and a copy placed in the grant file?

Approval

Grant Award Amount	\$ _____	\$ _____
Total Expenditure Amount	\$ _____	\$ _____
<u>Unexpended Balance</u>	\$ _____	\$ _____

***PROVIDE SAP SCREEN PRINTS (Y_DRA_36000011 & ZGM_BDGT_ACTIVITY) OR OTHER PERTINENT DOCUMENTATIONS**

I authorize this grant to be moved to closing status per the verified items above.

Submitted by 	Print Name	Date
Approved by	Print Name	Date
<u>CFO</u>	Print Name	Date

GRANT MANAGEMENT Use Only		
Reviewed by:	Printed Name	Date
Approved by:	Printed Name	Date

Control Chart

Sustain: Developed forms to guide departments of proper procedures

Sort: Grants by stratification list

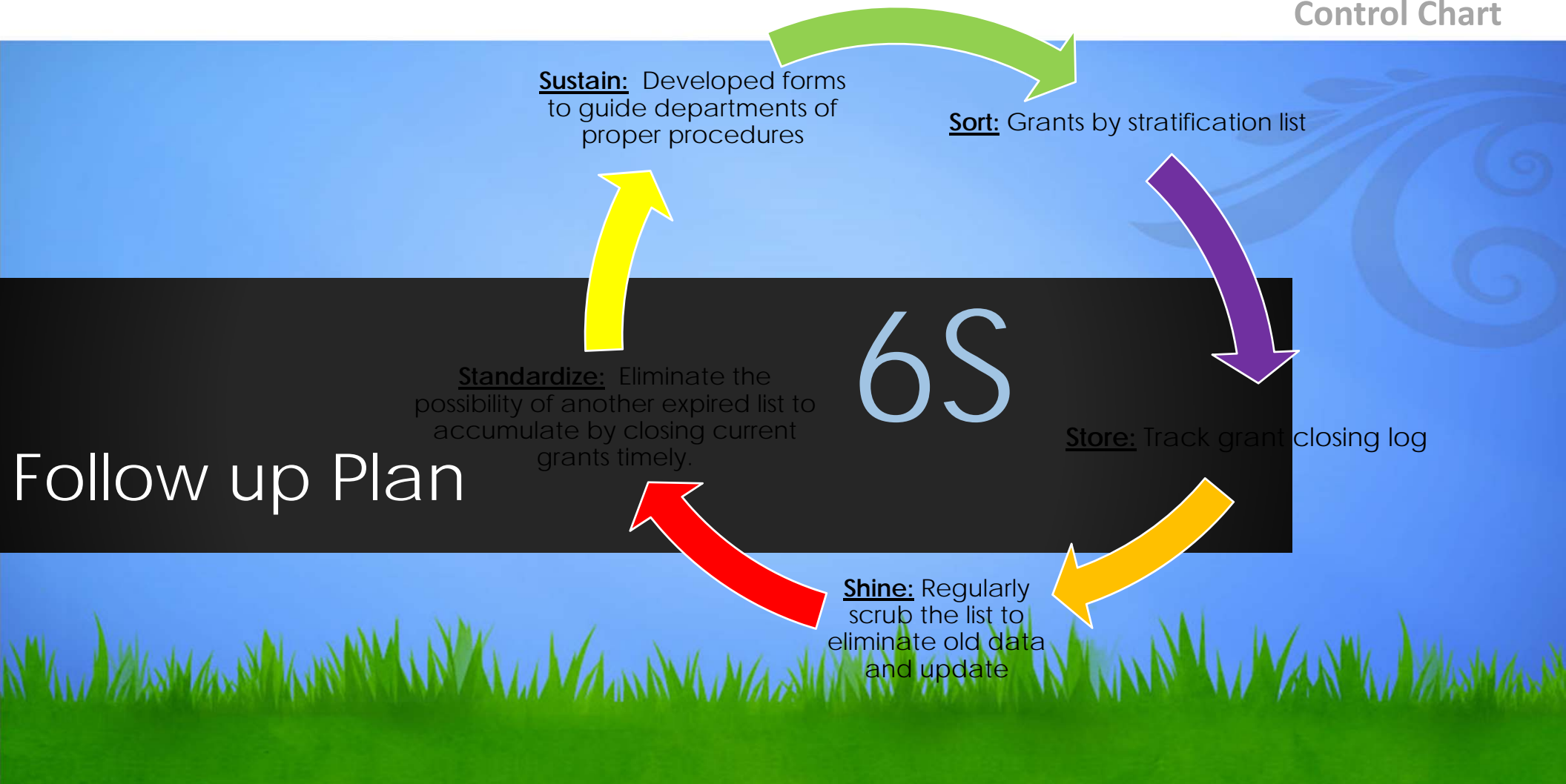
Standardize: Eliminate the possibility of another expired list to accumulate by closing current grants timely.

Store: Track grant closing log

Shine: Regularly scrub the list to eliminate old data and update

6S

Follow up Plan





Current Status...

88 grants placed in closing status

- 75 Expired
- 13 Current
 - ✓ 30 HHS
 - ✓ 21 PR

Update...

26 HAS grants were resolved from the fixed assets dilemma and are scheduled for closing by the end of December



SET
GOAL

MAKE
PLAN

GET
TO
WORK

STICK
TO IT

REACH
GOAL

Any Questions?