

CITY OF AUSTIN PUBLIC WORKS

Contractor Payment Process Improvement

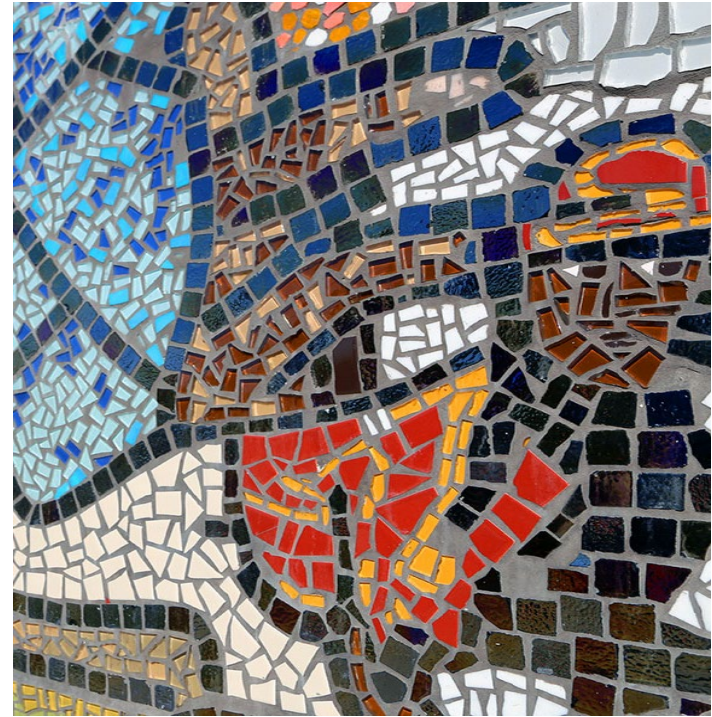
MBE/WBE Advisory Committee
April 6, 2021



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Agenda

Contractual Requirements
Finance Team Overview
Our Journey for Improvement
Deep Dive Into Processes
Collaboration
Continuous Improvement
Where We Are Today
Questions



Construction Contract Payment Provisions

Article 14 of the General Conditions:

Contractor can submit no more frequently than once per month

Information Contractor to Submit:

- Payment Application
- Materials on Hand
- Subcontractor Report
- Updated Schedule
- Updated Redline As-Builts

Construction Contract Payment Process

How the Process Works:

1. Contractor submits a draft payment application for verification by Inspector
2. Contractor/Inspector agree on quantities and Materials on Hand (MOH)
3. Inspector verifies Contractor updated redline as-builts
4. Contractor packages the following:
 - a) Cover Sheet
 - b) MOH
 - c) Deductions
 - d) Contract Time Statement
 - e) M/WBE Sub-K
 - f) Schedule
5. Inspector reviews/signs
6. Inspection Supervisor reviews/signs
7. PM reviews/signs
8. PM submits to PWD Accounts Payable

Team Overview

PWD Accounts Payable consists of two teams working together to ensure payments are processed timely for payment to vendors within 30 calendar days of a **properly submitted** invoice. PWD is responsible for processing payments for capital improvement projects for most City departments and three PWD operation funds.

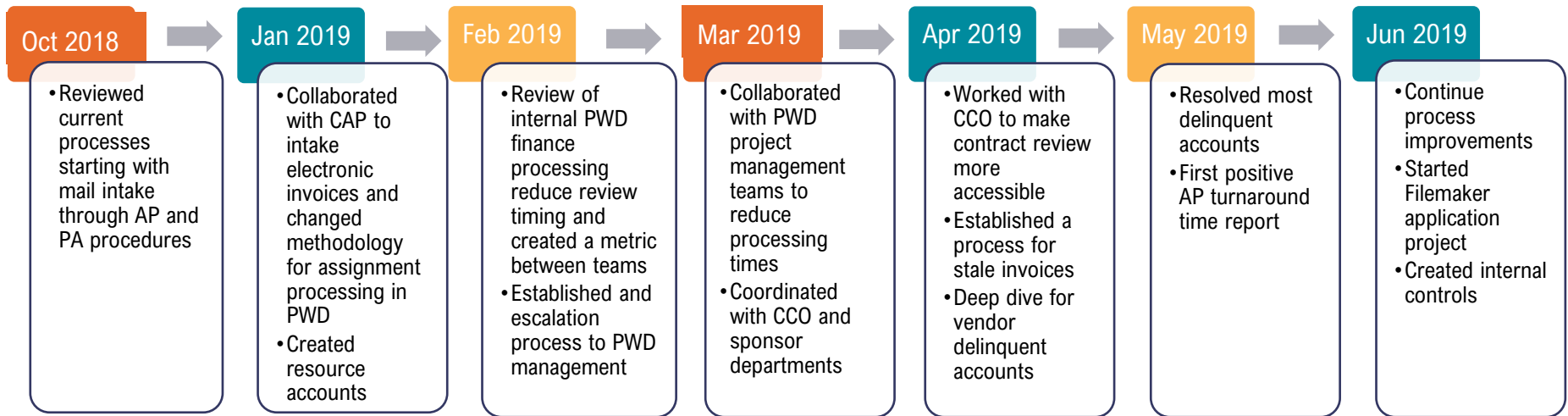
Project Accounting (PA)

- Intake of professional service invoices
- Audit of consultant coversheet and invoice – rates, sequential payments, etc.
- Liaison for Project Manager approvals, payment issue resolution, and AP team.
- Document areas for continuous improvement

Accounts Payable (AP)

- Intake of construction pay applications
- Payment processing in financial system
- Assist vendors with payment inquiries
- Liaison between PWD and Central Accounts Payable (CAP)
- Document stale dated invoices and areas for continuous improvement

Our Journey for Improvement



Deep Dive Into Processes

Project Accounting

- Supervisor assignment of invoices from resource account
 - Assignment within 24-hours of receipt
- Metrics tracked for processing by team
 - Reviewed and sent for approval same day
- Processes for follow-up to project managers for approvals and escalations if necessary
 - No more than 10-days for review before escalation
- Collaboration with Capital Contracting Office reduced audit review time of contract rates

Accounts Payable

- Supervisor assignment of invoices from resource account
 - Assignment within 24-hours of receipt
- Metrics tracked for processing by team
 - Reviewed and sent to CAP for payment within 24-hours (most times same day)
- Internal controls developed for processing
 - Supervisor tracks time for processing
 - Coordination between teams for documentation of stale invoices and follow-up by supervisors
 - Coordinated with PWD Purchasing team on review and approval of invoices
 - Manager over both teams reviews stale invoices and collaborates with stakeholders for root problems and solutions

Collaboration

As we looked at our processes, we were intentional about discussing with our stakeholders how our changes might impact their processes both internal and external to the City.

- Met with CCO to get feedback and how we could streamline together
- Reached out to other departments AP teams to get an understanding of their processes and implemented some into our procedures
- Worked with project managers throughout the City to ensure they understanding of changes we were making, why they were needed, and up-to-date forms for prompt pay invoices
- Partnered with CCO to give short presentations about our processes at contract kickoff meetings.



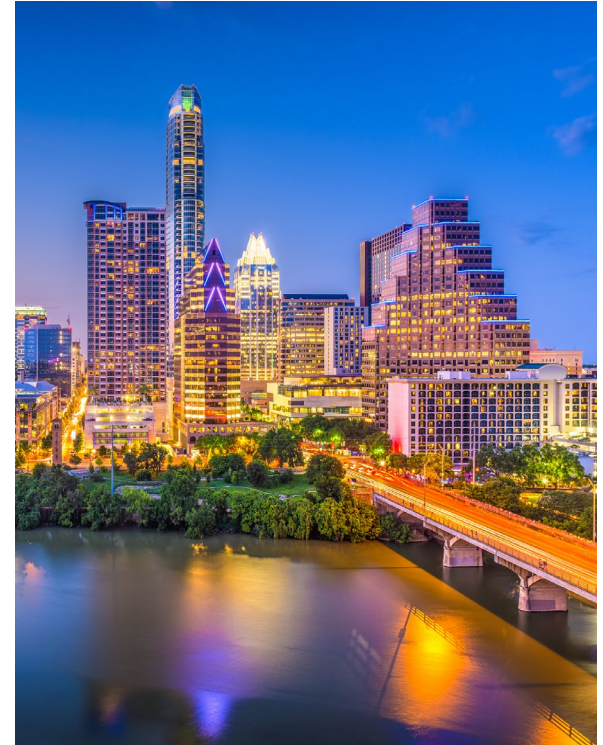
Continuous Improvement

All PWD Finance teams work collaboratively to review processes for improvements. Anytime we identify an area to improve, there is a check with internal teams and stakeholders before a change is made. Internally, PWD is continuing to:

- Expand our Filemaker Application to allow for workflow of an invoice from receipt to check cut;
- Develop metrics to track time at each process point; and
- Develop dashboards for reporting

PWD Finance is looking to collaborate with all stakeholders in the future on:

- Electronic signatures for approvals
- Providing reports to help with continuous improvements



Where We Are Today

In fiscal year 2020, we averaged 17 days turnaround time across all operating funds and for departments that use our capital project services. We process an average of 2,000 invoices a month and successfully sustained an overall turnaround time below the 30-day state law statute for the past 18 months.

Below is a snapshot of the dashboard reported at our monthly PW Stat meetings:





CITY OF AUSTIN
PUBLIC WORKS DEPARTMENT

QUESTIONS

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