

Project Title

In-house Cheques Printing

Project Lead and Members

Project lead: Koh Li Li

Project members: Lim Siew Ean

Organisation(s) Involved

SingHealth, Finance Shared Services, Accounts Payable

Project Period

Start date: Oct 2016

Completed date: Oct 2017

Aims

To explore alternatives to sustain or reduce the institutions' operation cost on payment by cheque.

Project Category

Process improvement

Keywords

SingHealth, Process Improvement, Finance, Operation Cost, Cheque Payment, Cost Saving, Feasibility Study, Cost Benefit Analysis, Centralised Liquidity Management, Finance Shared Services, Accounts Payable, Cashier's Order, Bank Interest Earnings, In-House Cheque Printing Programme, SAP programme

Name and Email of Project Contact Person(s)

Name: Koh Li Li

Email: lili.koh@1fss.com.sg



Singapore Healthcare Management 2018

IN-HOUSE CHEQUES PRINTING

Koh Li Li & Lim Siew Ean
Singapore Health Services Pte. Ltd.
Finance Shared Services,
Accounts Payable



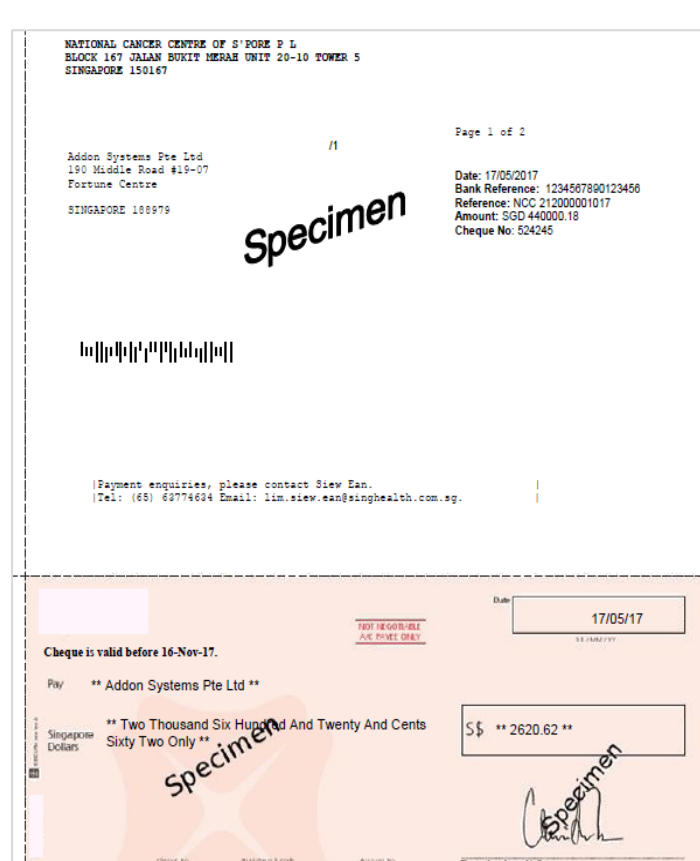
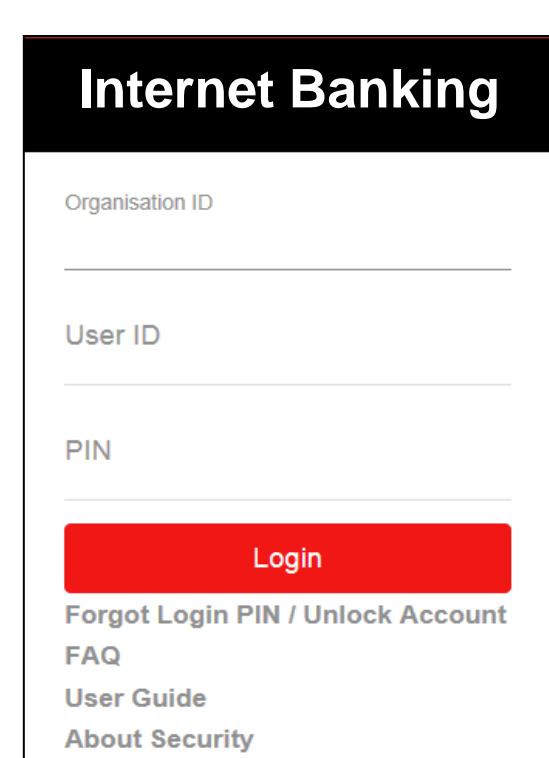
Background

All institutions (participated in the Centralized Liquidity Management) were required to change their existing corporate bank to a local bank. As the local bank is not the market leader in payment processes using SAP system, the bank charges and ancillary charges are more expensive compared to the existing bank. SingHealth Finance Shared Services, Accounts Payable (FSS-AP) supporting the institutions' payment functions realized there is a need to **explore alternatives to sustain / reduce the institutions' operation cost on payment by cheque.**

Methodology

In October - November 2016, FSS-AP team **conducted feasibility study and cost benefit analysis** on the available options. The following 3 options were presented to institutions' CFOs on 20 December 2016.

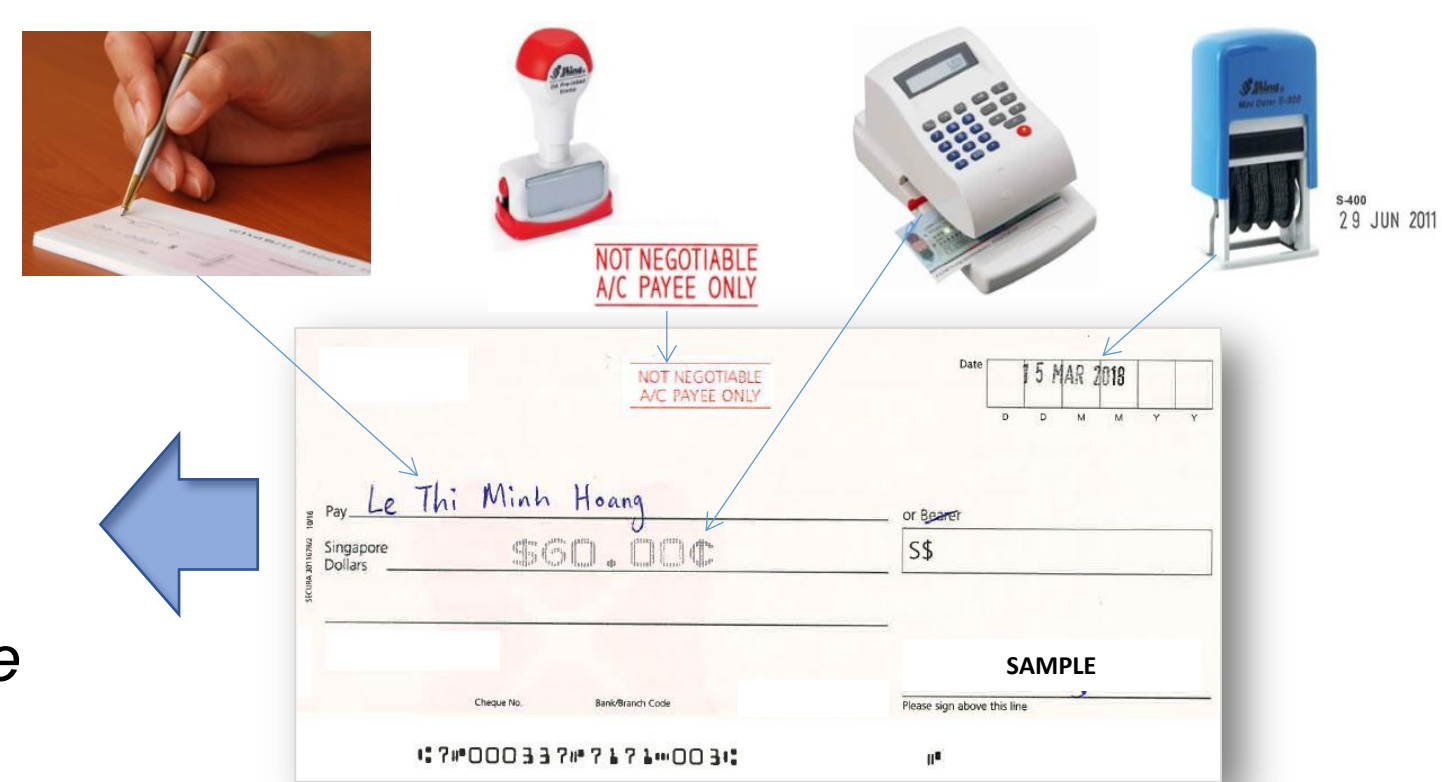
1 Bank issue cashier's order:



Time required:
about 5 seconds/vendor

- Bank issues and mails cashier's order directly to payee / institutions.
- Cashier's order which requires to hold for pick-up from bank will incur 3 trips of courier service charges per institution per batch of cashier's order collection.
- Incur bank charges and forego bank interest earnings (bank deducts fund on payment value date of cashier's orders).

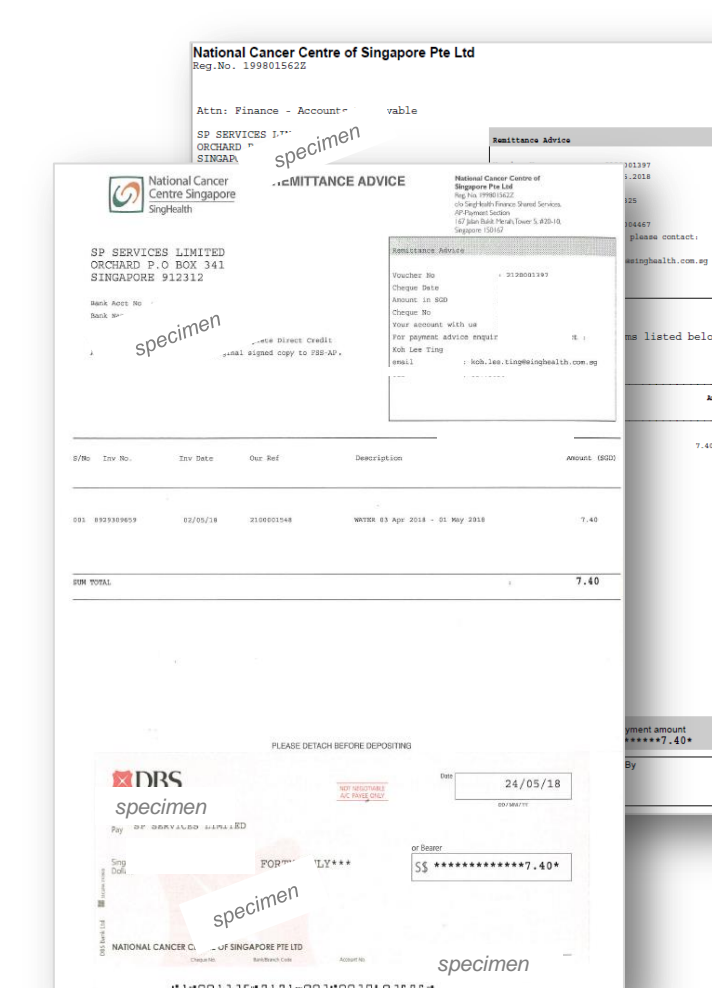
2 Issue manual cheque:



Time required:
15 to 20 minutes /cheque issue

- Cheque book provided by bank is free of charge.
- Institution earn bank interest till payee bank-in the cheque.
- Bank charges on cheque books' postage / courier service.
- FSS-AP manpower cost - issue manual cheque, prepare payment remittance advice and bank signatories' time on signing cheques.

3 Print in-house cheque:



Time required:
about 5 seconds/vendor

2 printers:
• Print cheque
• Print payment advice

- Institution earn bank interest till payee bank-in the cheque.
- Able to trigger mass cheques and remittance advices printing from SAP.
- One-time fixed costs – bank charges on special cheque set-up cost for 9 institutions and cost to develop SAP in-house cheque printing program.
- Variable costs – customized special cheque forms, remittance advices printing cost, bank signatories' time on cheque signing and lease printers monthly rental cost.

Cost benefit analysis

Institution	SGH	KKH	SKH	SNEC	NHCS	NCCS	NDCS	SHHQ	SHP	Total
1. Bank issues cashier's order	\$6,552	\$6,465	\$787	\$1,493	\$3,045	\$3,439	\$625	\$2,846	\$4,023	\$29,274
2. Issue manual cheque	\$22,414	\$8,668	\$1,749	\$2,832	\$6,926	\$9,651	\$3,078	\$8,047	\$8,484	\$71,849
3. Print in-house cheque	\$4,484	\$1,498	\$320	\$515	\$1,293	\$1,917	\$650	\$1,571	\$1,661	\$13,908

Projected Annual savings from implementing in-house cheques (option 3)	SGH	KKH	SKH	SNEC	NHCS	NCCS	NDCS	SHHQ	SHP	Total
	\$2,069	\$4,967	\$467	\$978	\$1,752	\$1,521	-\$25	\$1,276	\$2,362	\$15,366

One-time cost of implementing in-house cheque (option 3):		Payback period 2 years
Bank charges on special cheque setup cost		\$ 4,500
SAP program development cost for cheque printing and payment advice		\$27,000
Total		\$31,500



Result

The in-house cheques printing initiative was implemented in October 2017. In FY17, it has **achieved** the following **cost savings**:

- Eliminate weekly courier charges to collect cashier's order from bank and deliver to FSS-AP office.
- 8 institutions fully recovered the one-time setup cost within 6 months. Only SHP has yet to recover the cost of investment.
- Institutions' bank interest earnings has increased.

CONCLUSION

The success factor of this initiative was institutions' CFO willingness to **standard process and collectively invested in the required software and hardware**. Each institution only **paid a fraction** of the SAP one-time program development cost, which has yield **benefits for all the 9 institutions**.