

ACCOUNTS PAYABLE



VALUE PROPOSITION

I expect invoice payments to be processed in an accurate, timely and efficient manner.

KEEP IN MIND:

Influencing Factors

Influencing factors can create variances in comparison data from year-to-year and from municipality-to-municipality.



Organizational Form

Centralized vs. decentralized functions



Policies & Practices

Differences in business policies impact invoice processing and payment times



Processes & Systems

Differences in system generated vs. manually processed invoices, records management practices and the nature of the payment approval process

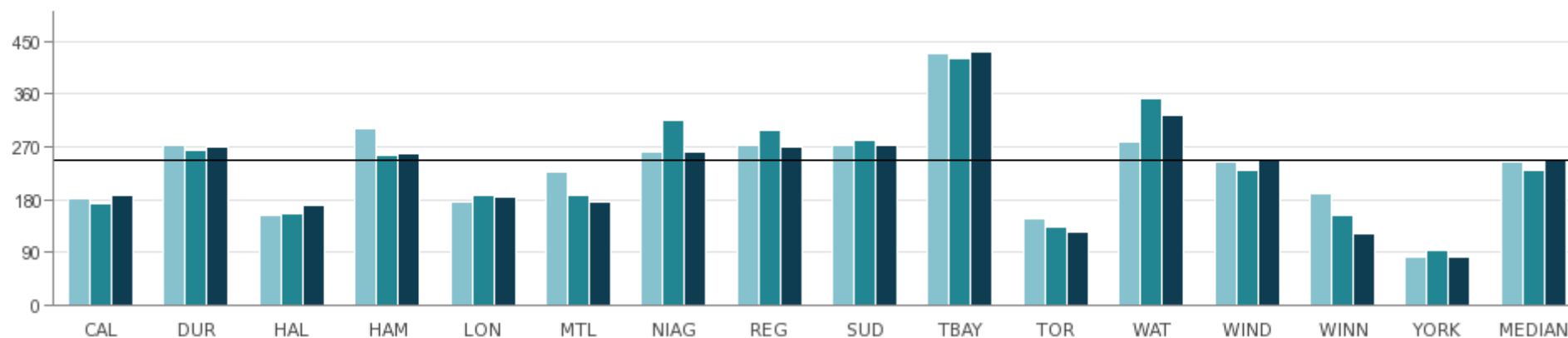


For a full description of influencing factors, please go to: www.mbncanada.ca

Accounts Payable

Figure 1.1 Total Number of Invoices Processed per \$1,000,000 of Municipal Purchases (Operating and Capital) for Goods and Services

The measure represents how many invoices are processed by the Accounts Payable division in the reporting year per \$1,000,000 of municipal purchases. Invoices counted in this calculation include paper and electronic purchase orders and non-purchase orders, including P-card payments.



| | | | | | | | | | | | | | | | | |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|----|-----|
| 2017 | 181 | 273 | 153 | 301 | 175 | 228 | 262 | 272 | 274 | 430 | 146 | 278 | 243 | 189 | 82 | 243 |
| 2018 | 173 | 265 | 156 | 257 | 186 | 187 | 316 | 298 | 280 | 421 | 133 | 352 | 230 | 153 | 94 | 230 |
| 2019 | 188 | 270 | 170 | 259 | 183 | 175 | 262 | 270 | 272 | 433 | 124 | 325 | 246 | 122 | 82 | 246 |

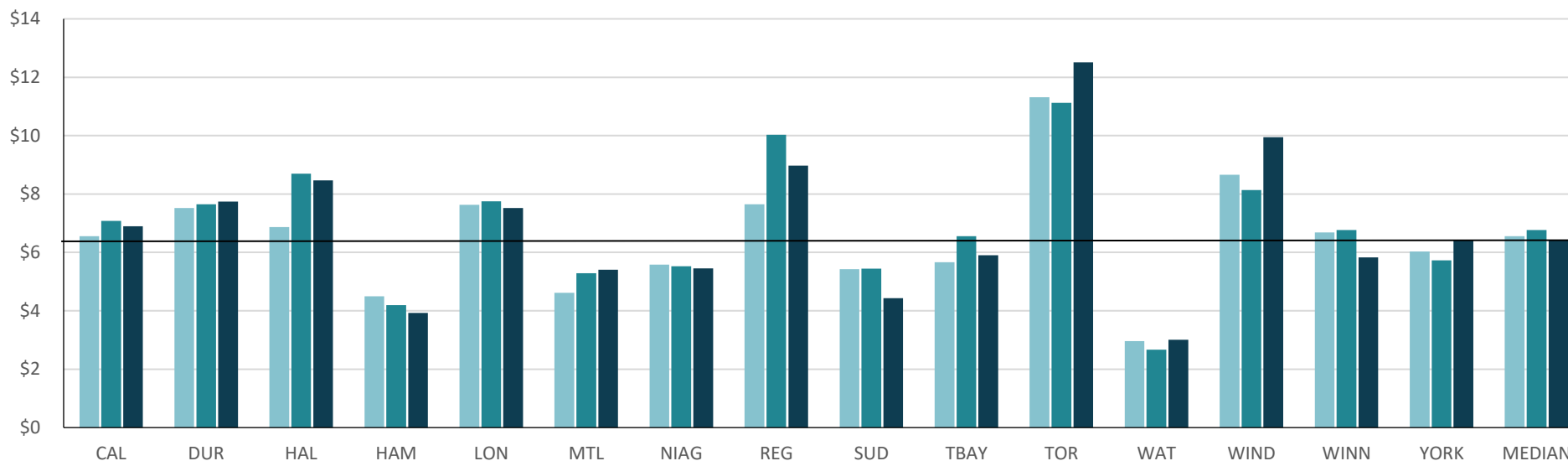
Source: FINV230 (Service Level)

Niagara: The decrease in 2019 is due to spending increases on Tangible Capital Assets, materials expenses and contracted services.

Accounts Payable

Figure 1.2 Accounts Payable Operating Cost per Invoice Processed

This measure represents the operating cost directly associated with the processing of accounts payable invoices. Invoices counted in this calculation include paper and electronic purchases orders and non-purchase orders, including P-card payments.



| | | | | | | | | | | | | | | | | |
|------|--------|--------|--------|--------|--------|--------|--------|---------|--------|--------|---------|--------|--------|--------|--------|--------|
| 2017 | \$6.56 | \$7.52 | \$6.87 | \$4.50 | \$7.63 | \$4.62 | \$5.58 | \$7.65 | \$5.43 | \$5.66 | \$11.32 | \$2.96 | \$8.66 | \$6.68 | \$6.03 | \$6.56 |
| 2018 | \$7.08 | \$7.65 | \$8.70 | \$4.19 | \$7.75 | \$5.29 | \$5.53 | \$10.03 | \$5.44 | \$6.56 | \$11.12 | \$2.67 | \$8.14 | \$6.77 | \$5.73 | \$6.77 |
| 2019 | \$6.90 | \$7.74 | \$8.47 | \$3.93 | \$7.52 | \$5.41 | \$5.45 | \$8.97 | \$4.43 | \$5.90 | \$12.51 | \$3.01 | \$9.95 | \$5.83 | \$6.43 | \$6.43 |

Source: FINV317 (Efficiency)

Sudbury: Staff shortages in 2019 lowered costs while volume processed was up 2%.

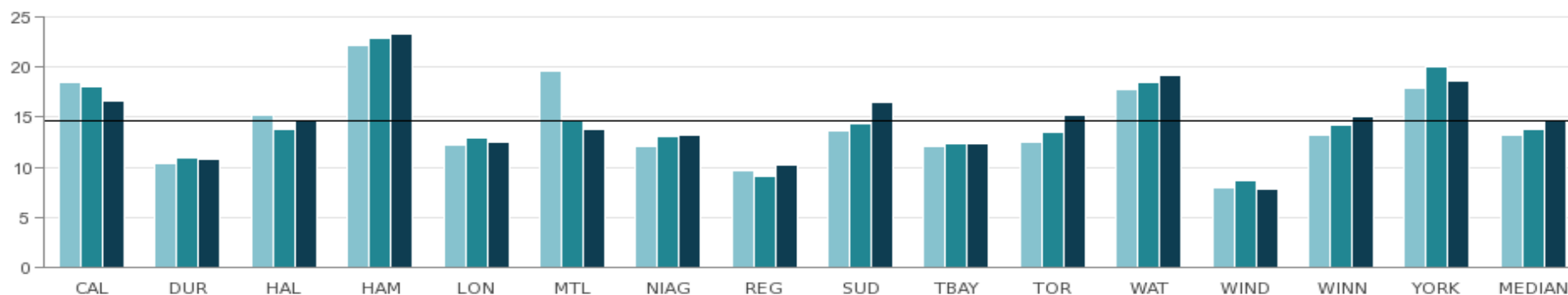
Windsor: The higher operating cost for 2019 is associated with overtime and additional staff required to improve processing delays. In addition, an extended position vacancy in 2018 led to a lower operating cost that year.

Accounts Payable

Figure 1.3 Number of Invoices Processed per Accounts Payable FTE

The measure represents the number of invoices processed by each Accounts Payable staff member. The types of invoices included are paper and electronic purchase orders and non-purchase orders, including P-card payments.

(In Thousands)



| | | | | | | | | | | | | | | | | |
|------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|--------|--------|--------|
| 2017 | 18,515 | 10,429 | 15,139 | 22,193 | 12,208 | 19,622 | 12,034 | 9,653 | 13,682 | 12,019 | 12,542 | 17,721 | 7,888 | 13,151 | 17,909 | 13,151 |
| 2018 | 18,059 | 10,961 | 13,718 | 22,950 | 12,872 | 14,753 | 13,018 | 9,146 | 14,366 | 12,297 | 13,509 | 18,413 | 8,654 | 14,236 | 20,032 | 13,718 |
| 2019 | 16,696 | 10,782 | 14,569 | 23,323 | 12,461 | 13,775 | 13,197 | 10,258 | 16,487 | 12,317 | 15,148 | 19,195 | 7,735 | 15,076 | 18,564 | 14,569 |

Source: FINV325 (Efficiency)

Montreal: Temporary positions have been created to make up for a significant delay in the billing period and to facilitate the transition to the new accounts payable system.

Regina: Streamlined the reporting structure through a corporate reorganization which created savings within the service while processing more invoices.

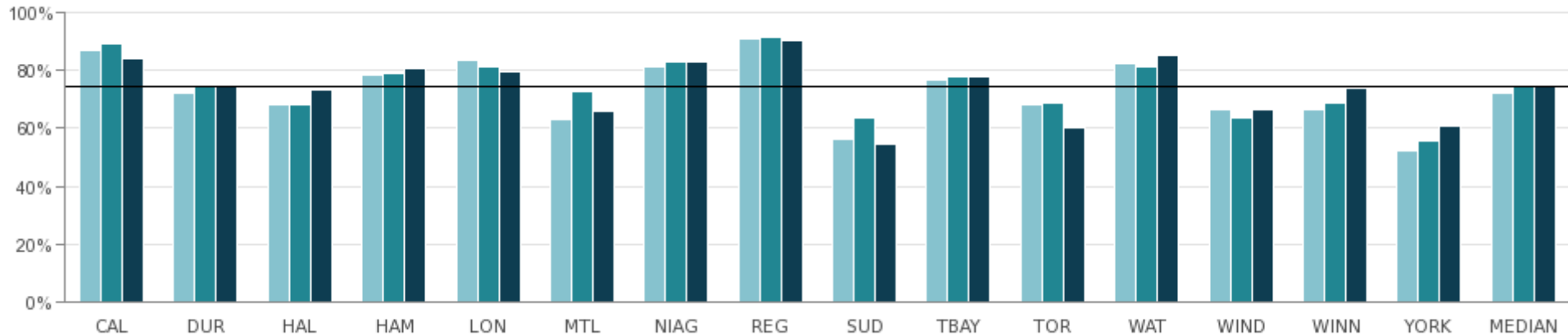
Sudbury: Increase due to staff shortages resulting in overtime and contracted costs with external agency to facilitate invoice processing.

Toronto: Increase due to restructuring of Accounts Payable, elimination of portfolios and reallocation of staff to new work streams.

Accounts Payable

Figure 1.4 Percent of Invoices Paid Within 30 Days

This measure represents the proportion of invoices paid within 30 days of the invoice date.



| | | | | | | | | | | | | | | | | |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 2017 | 87.3% | 72.4% | 68.2% | 78.5% | 83.9% | 63.2% | 81.5% | 91.2% | 56.4% | 77.0% | 68.4% | 82.5% | 66.7% | 66.3% | 52.2% | 72.4% |
| 2018 | 89.3% | 75.1% | 68.0% | 78.8% | 81.4% | 72.7% | 83.3% | 91.8% | 63.6% | 77.8% | 69.0% | 81.4% | 63.4% | 68.8% | 55.9% | 75.1% |
| 2019 | 84.3% | 74.7% | 73.5% | 81.0% | 79.9% | 65.9% | 83.0% | 90.4% | 54.7% | 78.0% | 60.3% | 85.2% | 66.8% | 73.9% | 61.0% | 74.7% |

Source: FINV410 (Customer Service)

Montreal: The use of a new invoicing processing software from November 2018 - March 2019 did not have the desired effect, which resulted in increased delays. Normal operations were not restored until later in the year.

Sudbury: Decrease due to staff shortages for most of 2019.

Toronto: Decrease due to increases in parked documents corporately and in response time from divisions on corrective action.

