



## 23 Accounts Payable Services\*

### What is the Service?

Accounts Payable Services ensure the efficient and effective management of payments to suppliers. The Accounts Payable function supports the delivery of municipal products and services, thus adding to the credibility and overall reputation of the municipality.

*Specific objectives include:*

- Timely processing of invoices
- Accurate payment of bills
- Analyzing patterns in expenses and taking advantage of available discounts
- Maintaining relationships with suppliers
- Providing customer service to internal departments and vendors

### Influencing Factors:

**Organizational Form:** Centralized vs. decentralized functions.

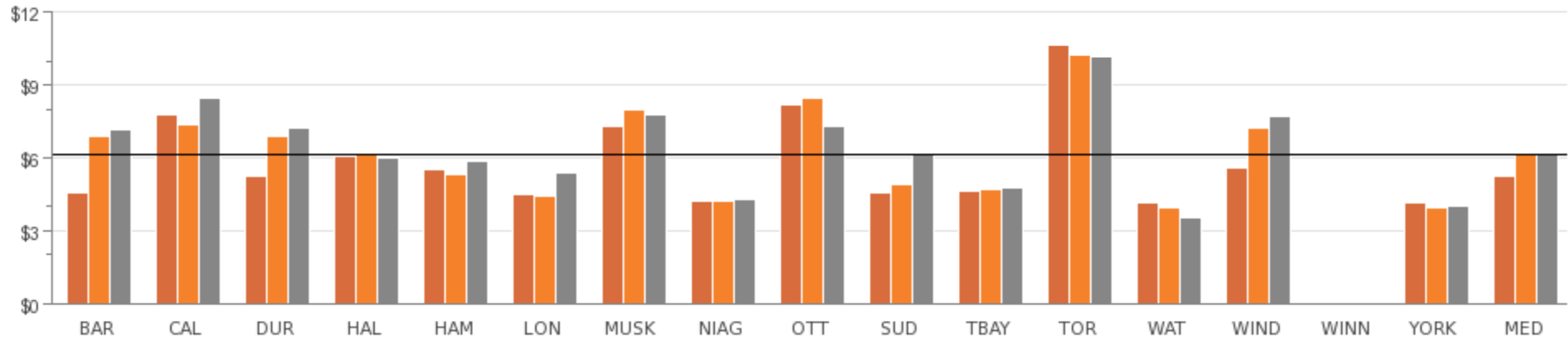
**Policy and Practices:** Objectives on “stretching” payables differ between municipalities and service areas.

**Processes & Systems:** Differences in system generated vs. manually generated invoices, i.e. P-card transactions may have a significant impact on the number of transaction lines created; nature of the payment approval process; and system generated lines with actual transaction lines may skew results.

## Accounts Payable Services

### How much does it cost to process an invoice?

Fig 23.1 Accounts Payable Operating Cost per Invoice Paid



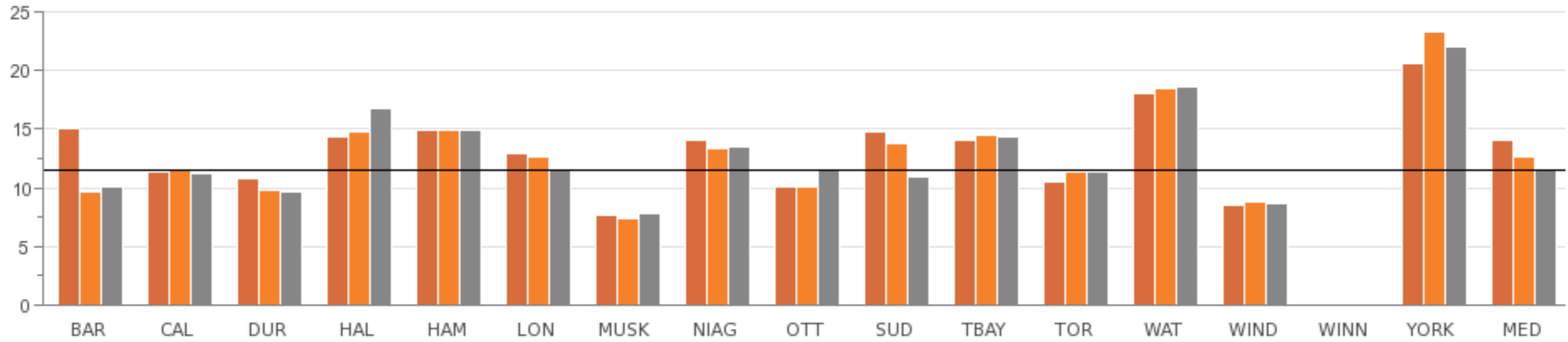
Year	BAR	CAL	DUR	HAL	HAM	LON	MUSK	NIAG	OTT	SUD	TBAY	TOR	WAT	WIND	WINN	YORK	MED
2009	\$4.59	\$7.77	\$5.22	\$6.06	\$5.50	\$4.49	\$7.33	\$4.21	\$8.19	\$4.57	\$4.66	\$10.63	\$4.18	\$5.57	N/A	\$4.13	\$5.22
2010	\$6.92	\$7.37	\$6.89	\$6.18	\$5.29	\$4.45	\$7.95	\$4.19	\$8.45	\$4.93	\$4.68	\$10.24	\$3.97	\$7.25	N/A	\$3.95	\$6.18
2011	\$7.14	\$8.49	\$7.21	\$5.99	\$5.84	\$5.36	\$7.79	\$4.32	\$7.31	\$6.16	\$4.79	\$10.18	\$3.53	\$7.70	N/A	\$4.01	\$6.16

Source: FINV317 (Efficiency)

## How many invoices are processed by each accounts payable staff member?

Fig 23.2 Number of Invoices Paid per Accounts Payable FTE

(In Thousands)



2009	15,106	11,400	10,732	14,387	14,887	12,908	7,651	14,128	10,112	14,812	13,997	10,546	18,052	8,473	N/A	20,627	13,997
2010	9,679	11,490	9,840	14,835	14,892	12,640	7,433	13,338	10,077	13,726	14,465	11,420	18,414	8,845	N/A	23,307	12,640
2011	10,103	11,183	9,672	16,843	14,924	11,515	7,767	13,516	11,582	10,868	14,293	11,325	18,696	8,694	N/A	22,014	11,515

Source: FINV325 (Efficiency)

## What percent of invoices are paid within 30, 31-60, and over 60 days?

Fig 23.3 Percent of Invoices Paid within 30, 31-60, and over 60 Days

Municipality	Percent of Invoices Paid Within 30 Days			Percent of Invoices Paid Between 31 and 60 Days			Percent of Invoices Paid 60 Days or Greater		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
Barrie	60.2%	62.5%	57.9%	31.2%	27.4%	28.2%	8.6%	9.8%	13.9%
Calgary	84.8%	84.8%	83.2%	10.6%	10.5%	12.3%	4.5%	4.6%	4.5%
Durham	65.8%	62.8%	66.2%	28.0%	30.7%	26.6%	6.2%	6.5%	7.2%
Halton	73.3%	70.3%	70.0%	20.2%	22.2%	22.3%	6.5%	7.5%	7.7%
Hamilton	69.4%	74.7%	63.3%	21.7%	16.4%	25.4%	8.8%	8.9%	11.3%
London	77.5%	79.4%	84.8%	19.1%	12.0%	13.6%	3.4%	5.2%	4.0%
Muskoka	83.9%	80.8%	78.4%	12.4%	15.0%	14.9%	3.7%	5.9%	6.8%
Niagara	77.3%	74.5%	75.8%	16.4%	17.8%	16.5%	5.7%	7.7%	7.7%
Ottawa	75.6%	75.9%	59.0%	16.6%	15.7%	25.8%	7.7%	8.4%	15.2%
Sudbury (Greater)	43.9%	45.1%	54.2%	38.8%	41.6%	34.4%	17.3%	13.3%	11.4%
Thunder Bay	83.8%	82.8%	81.0%	12.5%	13.6%	14.0%	3.7%	3.6%	5.0%
Toronto	65.0%	71.1%	73.2%	20.2%	18.7%	16.3%	14.9%	10.2%	10.4%
Waterloo	86.3%	84.9%	82.1%	10.9%	12.6%	14.4%	2.8%	2.5%	3.5%
Windsor	72.6%	70.5%	70.2%	18.5%	21.4%	21.0%	8.9%	8.1%	8.7%
York	51.8%	54.7%	52.3%	34.9%	35.9%	36.1%	13.3%	9.4%	11.6%
Median	73.3%	74.5%	70.2%	19.1%	17.8%	21.0%	6.5%	7.7%	7.7%

Source: FINV410, FINV415 and FINV420 (Customer Service)