

# 1 Accounts Payable

## 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 model vs. a decentralized model where accounts payable functions are spread amongst a number of departments.

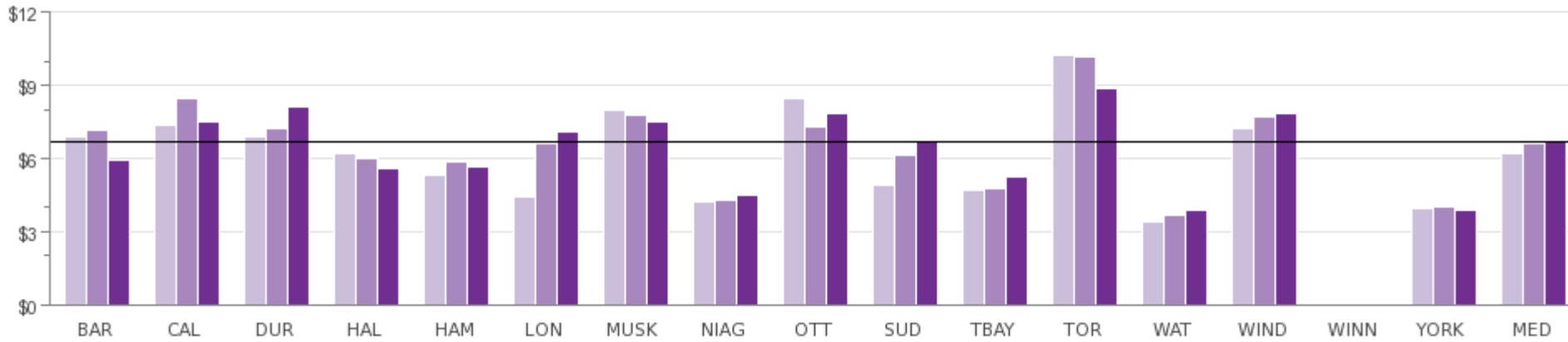
**Policy and Practices:** Objectives differ between municipalities and service areas.

**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. The nature of the payment approval process and the number of system generated lines with actual transaction lines may skew results.

# Accounts Payable

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

Fig 1.1 Accounts Payable Operating Cost per Invoice Paid



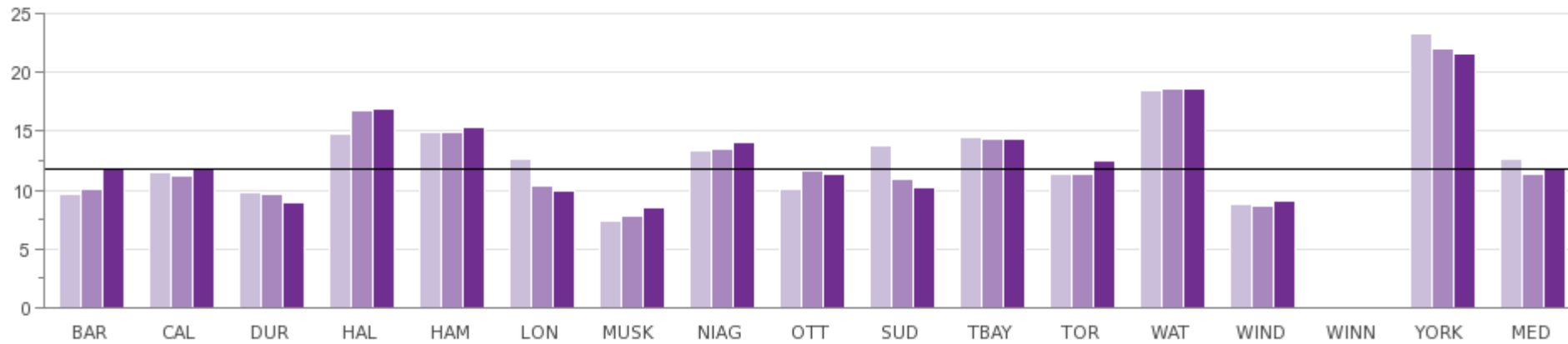
2010	\$6.92	\$7.37	\$6.89	\$6.18	\$5.29	\$4.45	\$7.95	\$4.19	\$8.45	\$4.93	\$4.68	\$10.24	\$3.37	\$7.25	N/A	\$3.95	\$6.18
2011	\$7.14	\$8.49	\$7.21	\$5.99	\$5.84	\$6.62	\$7.79	\$4.32	\$7.31	\$6.16	\$4.79	\$10.18	\$3.65	\$7.70	N/A	\$4.01	\$6.62
2012	\$5.95	\$7.49	\$8.10	\$5.59	\$5.67	\$7.08	\$7.52	\$4.51	\$7.83	\$6.66	\$5.22	\$8.84	\$3.88	\$7.84	N/A	\$3.87	\$6.66

Source: FINV317 (Efficiency)

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

Fig 1.2 Number of Invoices Paid per Accounts Payable FTE

(In Thousands)



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	10,392	7,767	13,516	11,582	10,868	14,293	11,325	18,696	8,694	N/A	22,014	11,325
2012	11,741	11,792	8,984	16,917	15,302	9,936	8,544	14,038	11,361	10,170	14,282	12,456	18,598	9,026	N/A	21,582	11,792

Source: FINV325 (Efficiency)

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

Fig 1.3 Percent of Invoices Paid within 30, 30-60 and Over 60 days

Municipality	Percent of Invoices Paid Within 30 Days (FINV410)			Percent of Invoices Paid Between 31 and 60 Days (FINV415)			Percent of Invoices Paid 60 Days or Greater (FINV420)		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
Barrie	62.5%	57.9%	77.1%	27.4%	28.2%	16.0%	9.8%	13.9%	6.8%
Calgary	84.8%	83.2%	85.0%	10.5%	12.3%	10.0%	4.6%	4.5%	5.0%
Durham	62.8%	66.2%	66.4%	30.7%	26.6%	25.8%	6.5%	7.2%	7.8%
Halton	70.3%	70.0%	71.0%	22.2%	22.3%	21.3%	7.5%	7.7%	7.7%
Hamilton	74.7%	63.3%	80.9%	16.4%	25.4%	14.4%	8.9%	11.3%	4.7%
London	79.4%	81.6%	82.4%	12.0%	14.0%	13.7%	5.2%	4.4%	3.9%
Muskoka	80.8%	78.4%	81.0%	15.0%	14.9%	12.6%	5.9%	6.8%	6.3%
Niagara	74.5%	75.8%	76.4%	17.8%	16.5%	17.1%	7.7%	7.7%	6.5%
Ottawa	75.9%	59.0%	74.8%	15.7%	25.8%	19.4%	8.4%	15.2%	5.8%
Greater Sudbury	45.1%	54.2%	48.8%	41.6%	34.4%	39.6%	13.3%	11.4%	11.6%
Thunder Bay	82.8%	81.0%	74.2%	13.6%	14.0%	19.0%	3.6%	5.0%	6.8%
Toronto	71.1%	73.2%	75.4%	18.7%	16.3%	15.0%	10.2%	10.4%	9.6%
Waterloo	84.9%	82.1%	86.9%	12.6%	14.4%	10.3%	2.5%	3.5%	2.8%
Windsor	70.5%	70.2%	69.4%	21.4%	21.0%	20.7%	8.1%	8.7%	9.9%
York	54.7%	52.3%	53.7%	35.9%	36.1%	33.6%	9.4%	11.6%	12.7%
Median	74.5%	70.2%	75.4%	17.8%	21.0%	17.1%	7.7%	7.7%	6.8%

Source: FINV410, FINV415, FINV420 (Customer Service)

Comment: Barrie, Hamilton and Ottawa experienced significant increase in paying invoices within 30 days due to process changes, e.g. new automated invoice processing system, improved follow-up by A/P Clerks with Departments, etc.