

# 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:

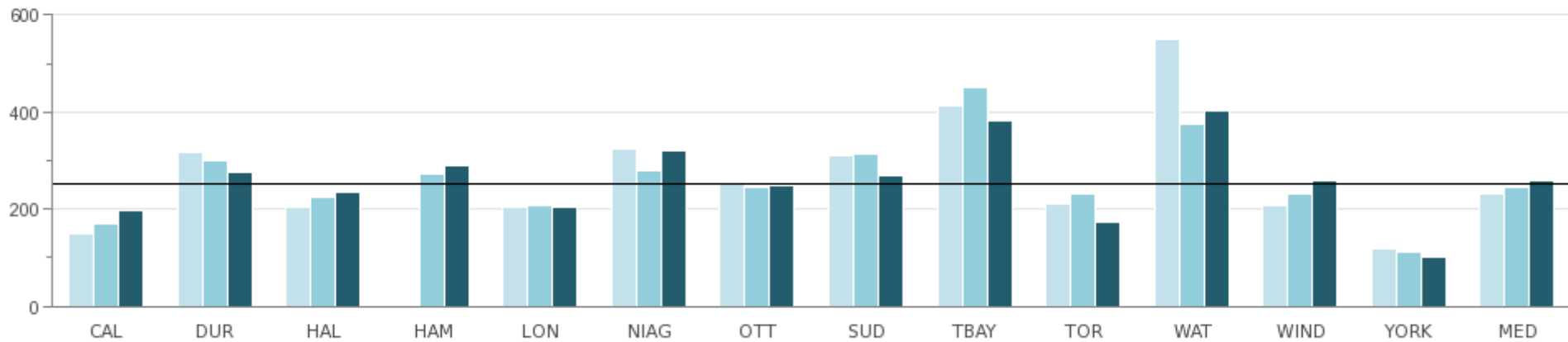
- **Organizational Form:** Centralized vs. decentralized functions.
- **Policy and Practices:** Objectives on stretching payables differ between municipalities and service areas.
- **Processes & Systems:** Differences in system generated vs. manually generated invoices (e.g. phone lines, utilities), differences in records management (e.g. document imaging vs. not imaging), and the nature of the payment approval process (e.g. electronic vs. manual).



# Accounts Payable

## How many invoices are paid per \$1,000,000 of municipal purchases?

Fig. 1.1 Total Number of Invoices Paid per \$1,000,000 of Municipal Purchases (Operating and Capital)

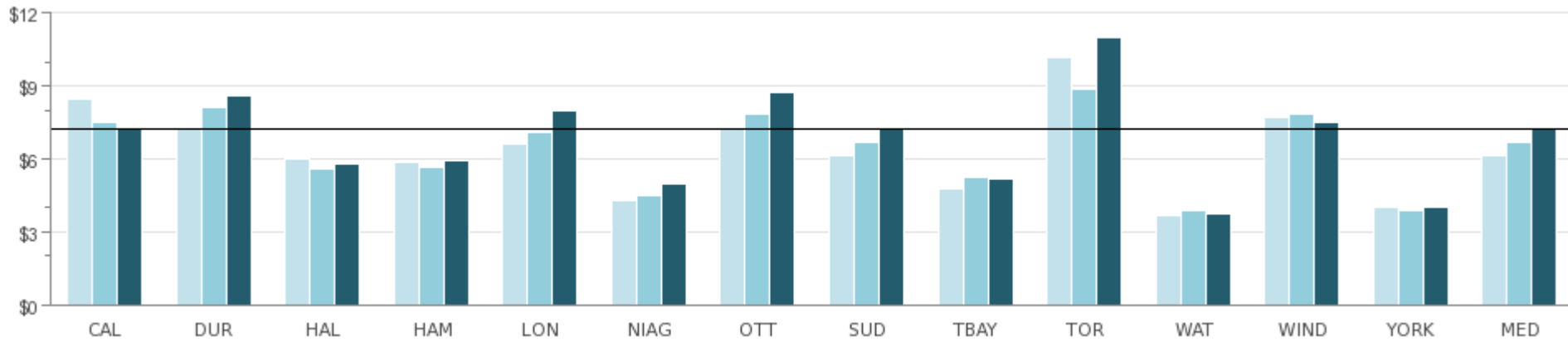


<b>2011</b>	<b>149</b>	<b>318</b>	<b>205</b>	<b>203</b>	<b>325</b>	<b>253</b>	<b>309</b>	<b>414</b>	<b>211</b>	<b>549</b>	<b>209</b>	<b>117</b>	<b>232</b>	
<b>2012</b>	<b>170</b>	<b>299</b>	<b>224</b>	<b>273</b>	<b>206</b>	<b>281</b>	<b>245</b>	<b>313</b>	<b>452</b>	<b>232</b>	<b>376</b>	<b>233</b>	<b>113</b>	<b>245</b>
<b>2013</b>	<b>198</b>	<b>277</b>	<b>235</b>	<b>288</b>	<b>204</b>	<b>321</b>	<b>248</b>	<b>270</b>	<b>381</b>	<b>173</b>	<b>402</b>	<b>259</b>	<b>100</b>	<b>259</b>

Source: FINV230 (Service Level)

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

Fig 1.2 Accounts Payable Operating Cost per Invoice Paid



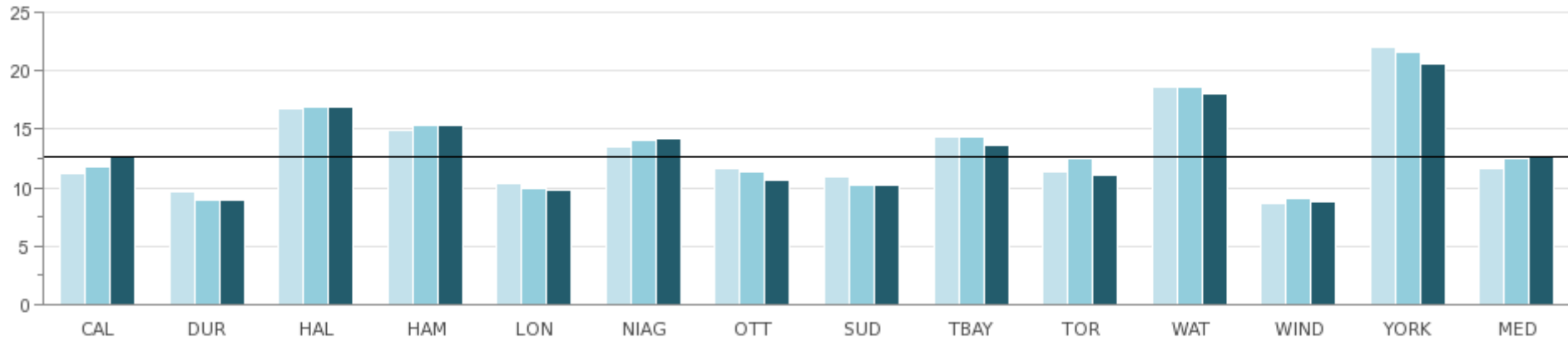
2011	\$8.49	\$7.21	\$5.99	\$5.84	\$6.62	\$4.32	\$7.31	\$6.16	\$4.79	\$10.18	\$3.65	\$7.70	\$4.01	\$6.16
2012	\$7.49	\$8.10	\$5.59	\$5.67	\$7.08	\$4.51	\$7.83	\$6.66	\$5.22	\$8.84	\$3.88	\$7.84	\$3.87	\$6.66
2013	\$7.23	\$8.59	\$5.77	\$5.92	\$7.97	\$4.98	\$8.71	\$7.20	\$5.21	\$11.01	\$3.77	\$7.52	\$4.00	\$7.20

Source: FINV317 (Efficiency)

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

Fig 1.3 Number of Invoices Paid per Accounts Payable FTE

(In Thousands)

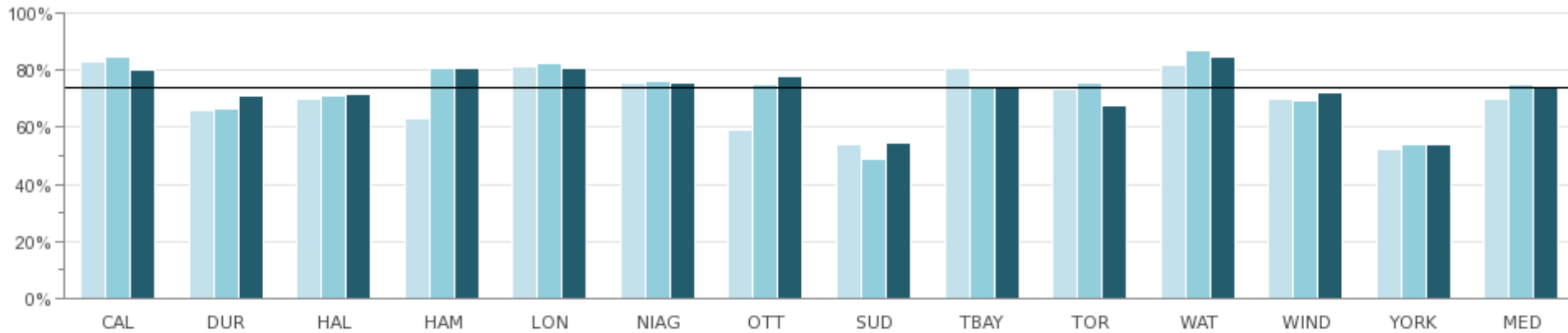


<b>2011</b>	<b>11,183</b>	<b>9,672</b>	<b>16,843</b>	<b>14,924</b>	<b>10,392</b>	<b>13,516</b>	<b>11,582</b>	<b>10,868</b>	<b>14,293</b>	<b>11,325</b>	<b>18,696</b>	<b>8,694</b>	<b>22,014</b>	<b>11,582</b>
<b>2012</b>	<b>11,792</b>	<b>8,984</b>	<b>16,917</b>	<b>15,302</b>	<b>9,936</b>	<b>14,038</b>	<b>11,361</b>	<b>10,170</b>	<b>14,282</b>	<b>12,456</b>	<b>18,598</b>	<b>9,026</b>	<b>21,582</b>	<b>12,456</b>
<b>2013</b>	<b>12,666</b>	<b>8,950</b>	<b>16,884</b>	<b>15,302</b>	<b>9,765</b>	<b>14,210</b>	<b>10,599</b>	<b>10,188</b>	<b>13,626</b>	<b>11,045</b>	<b>18,079</b>	<b>8,746</b>	<b>20,552</b>	<b>12,666</b>

Source: FINV325 (Efficiency)

## What is the percent of invoices paid within 30 days?

Fig 1.4 Percent of Invoices Paid Within 30 Days



<b>2011</b>	<b>83.2%</b>	<b>66.2%</b>	<b>70.0%</b>	<b>63.3%</b>	<b>81.6%</b>	<b>75.8%</b>	<b>59.0%</b>	<b>54.2%</b>	<b>81.0%</b>	<b>73.2%</b>	<b>82.1%</b>	<b>70.2%</b>	<b>52.3%</b>	<b>70.2%</b>
<b>2012</b>	<b>85.0%</b>	<b>66.4%</b>	<b>71.0%</b>	<b>80.9%</b>	<b>82.4%</b>	<b>76.4%</b>	<b>74.8%</b>	<b>48.8%</b>	<b>74.2%</b>	<b>75.4%</b>	<b>86.9%</b>	<b>69.4%</b>	<b>53.7%</b>	<b>74.8%</b>
<b>2013</b>	<b>80.0%</b>	<b>71.3%</b>	<b>71.4%</b>	<b>80.9%</b>	<b>80.6%</b>	<b>75.5%</b>	<b>78.0%</b>	<b>54.7%</b>	<b>73.9%</b>	<b>67.7%</b>	<b>84.9%</b>	<b>72.3%</b>	<b>53.7%</b>	<b>73.9%</b>

Source: FINV410 (Customer Service)

