

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

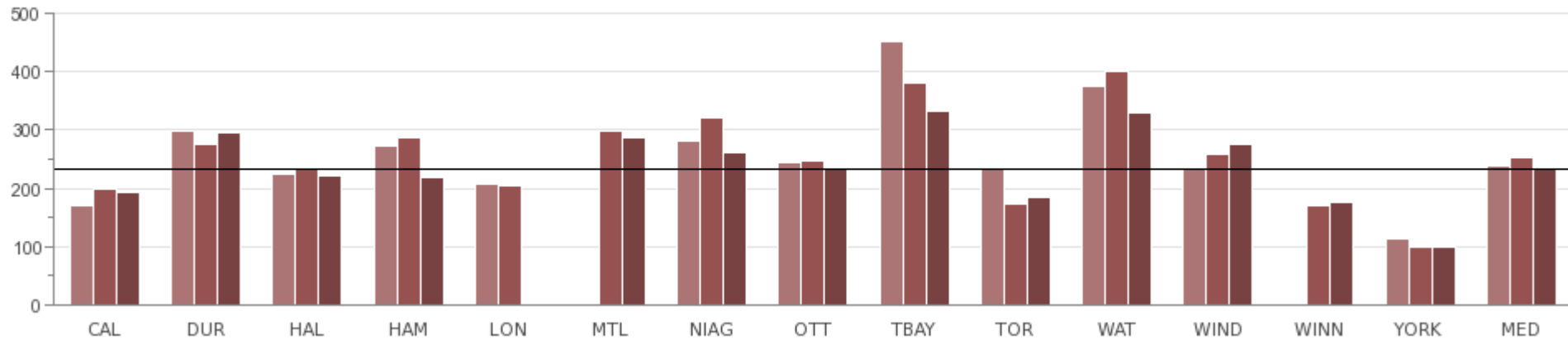
- **Organizational Form:** Centralized vs. decentralized functions.
- **Policy and Practices:** Objectives on stretching payables differ between municipalities and service areas.
- **Processes & Systems:** Differences in system generated vs. manually generated invoices (e.g. phone lines, utilities), 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) for Goods and Services

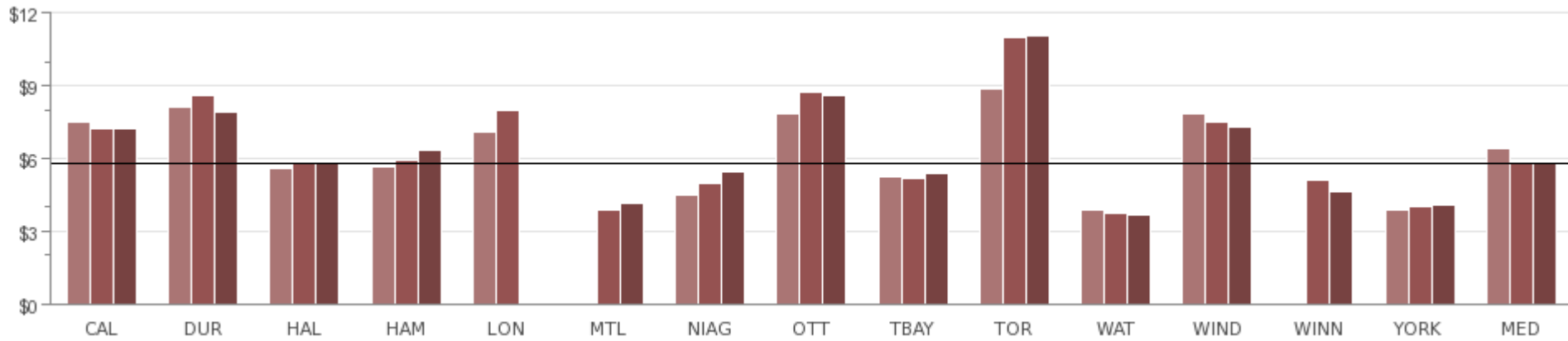


2012	170	299	224	273	206	N/A	281	245	452	232	376	233	N/A	113	239
2013	198	277	235	288	204	298	321	248	381	173	402	259	169	100	254
2014	192	296	220	218	N/A	286	261	233	333	183	331	277	176	100	233

Source: FINV230 (Service Level)

How much does it cost to process an invoice?

Fig 1.2 Accounts Payable Operating Cost per Invoice Paid



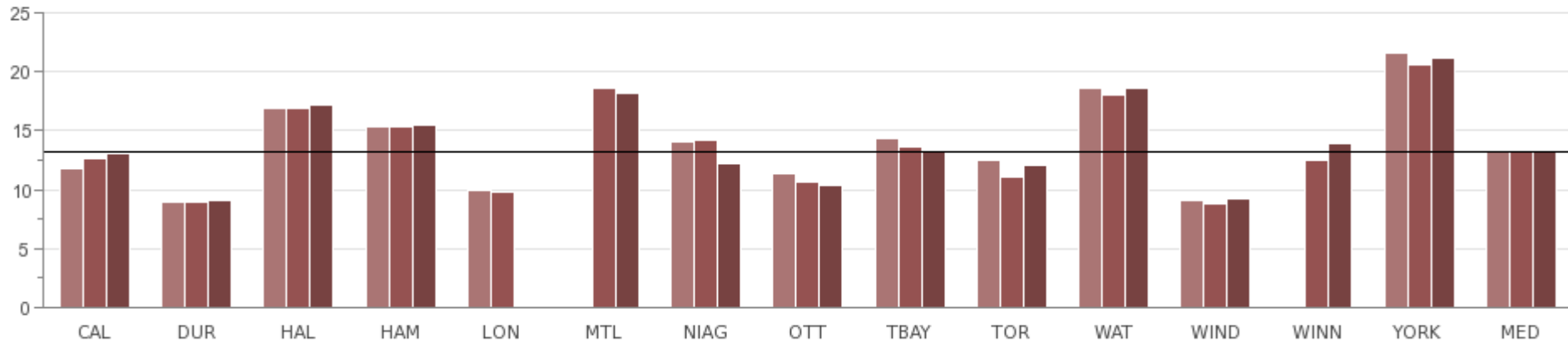
2012	\$7.49	\$8.10	\$5.59	\$5.67	\$7.08	N/A	\$4.51	\$7.83	\$5.22	\$8.84	\$3.88	\$7.84	N/A	\$3.87	\$6.38
2013	\$7.23	\$8.59	\$5.77	\$5.92	\$7.97	\$3.89	\$4.98	\$8.71	\$5.21	\$11.01	\$3.77	\$7.52	\$5.10	\$4.00	\$5.85
2014	\$7.24	\$7.90	\$5.77	\$6.32	N/A	\$4.16	\$5.47	\$8.63	\$5.35	\$11.06	\$3.65	\$7.27	\$4.60	\$4.09	\$5.77

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)

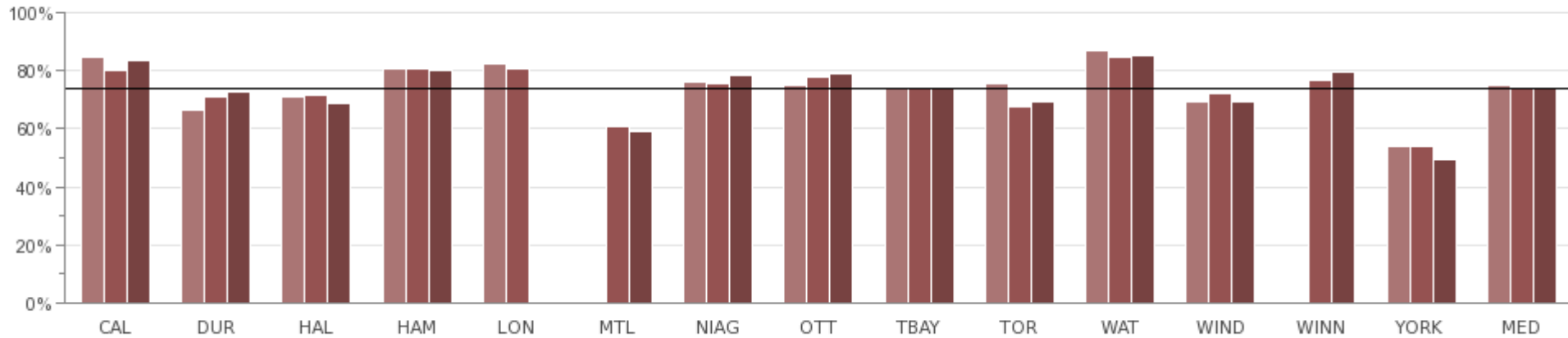


2012	11,792	8,984	16,917	15,302	9,936	N/A	14,038	11,361	14,282	12,456	18,598	9,026	N/A	21,582	13,247
2013	12,666	8,950	16,884	15,302	9,765	18,609	14,210	10,599	13,626	11,045	18,079	8,746	12,481	20,552	13,146
2014	13,129	9,013	17,242	15,495	N/A	18,158	12,152	10,362	13,253	12,108	18,572	9,178	13,913	21,216	13,253

Source: FINV325 (Efficiency)

What percentage of invoices are paid within 30 days?

Fig 1.4 Percent of Invoices Paid Within 30 Days



Year	CAL	DUR	HAL	HAM	LON	MTL	NIAG	OTT	TBAY	TOR	WAT	WIND	WINN	YORK	MED
2012	85.0%	66.4%	71.0%	80.9%	82.4%	N/A	76.4%	74.8%	74.2%	75.4%	86.9%	69.4%	N/A	53.7%	75.1%
2013	80.0%	71.3%	71.4%	80.9%	80.6%	61.0%	75.5%	78.0%	73.9%	67.7%	84.9%	72.3%	76.6%	53.7%	74.7%
2014	83.7%	72.7%	69.0%	80.0%	N/A	59.2%	78.6%	79.0%	73.8%	69.1%	85.6%	69.2%	79.5%	49.3%	73.8%

Source: FINV410 (Customer Service)