

ACCOUNTS PAYABLE

VALUE STATEMENT

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

ACCOUNTS PAYABLE

What is this 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.

Objectives May 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:** Differences in business policies impact invoice processing and payment times (e.g. automated versus manual approval workflow systems, signing authority levels, inspection of goods received and/or work performed, etc.).
- **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).

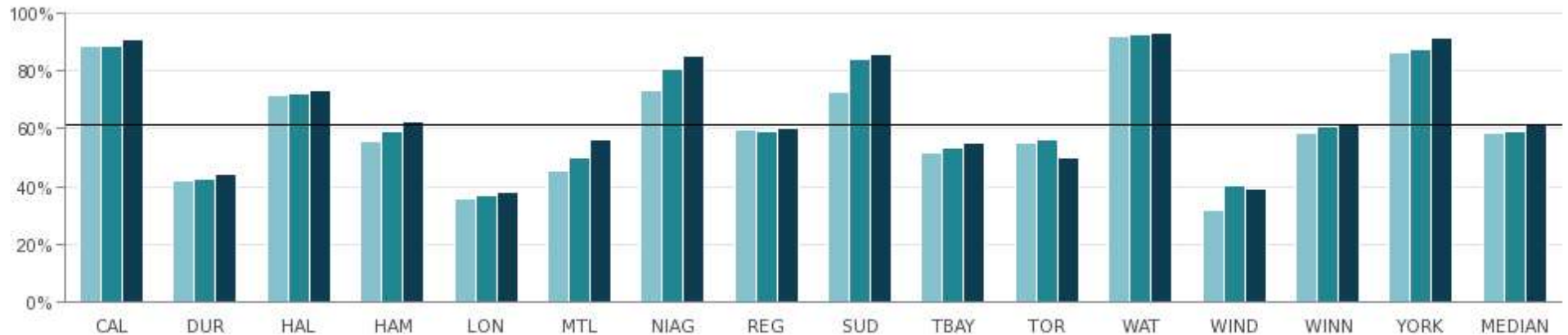
Extenuating Circumstances:

- **COVID-19 Pandemic:** There were several impacts by COVID-19 to accounts payable services. A shift in municipal purchases, emergency spending and automation changes caused variances in the number of invoices processed. Remote work and staffing challenges as well as the learning curve of automation changes impacted staff ability to process invoices. Other pandemic implications include cancellation of services resulting in more refund processing, increased EFT enrollment and reduction in discretionary spending.

Accounts Payable

Figure 1.1 Percent of Payments that are Electronic

Payments are increasingly electronic. This measure represents the percent of payments that are made with Electronic Funds Transfer (EFT).



| | | | | | | | | | | | | | | | | |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 2018 | 88.8% | 41.8% | 71.4% | 55.9% | 36.0% | 45.2% | 73.2% | 59.4% | 72.7% | 51.6% | 54.9% | 92.1% | 31.9% | 58.6% | 86.4% | 58.6% |
| 2019 | 88.9% | 42.3% | 72.4% | 59.0% | 36.9% | 50.2% | 80.6% | 59.1% | 84.3% | 53.2% | 56.5% | 92.9% | 40.3% | 60.6% | 87.8% | 59.1% |
| 2020 | 91.3% | 44.0% | 73.4% | 62.6% | 37.8% | 56.3% | 85.6% | 60.4% | 86.1% | 55.3% | 50.1% | 93.4% | 38.9% | 61.5% | 91.5% | 61.5% |

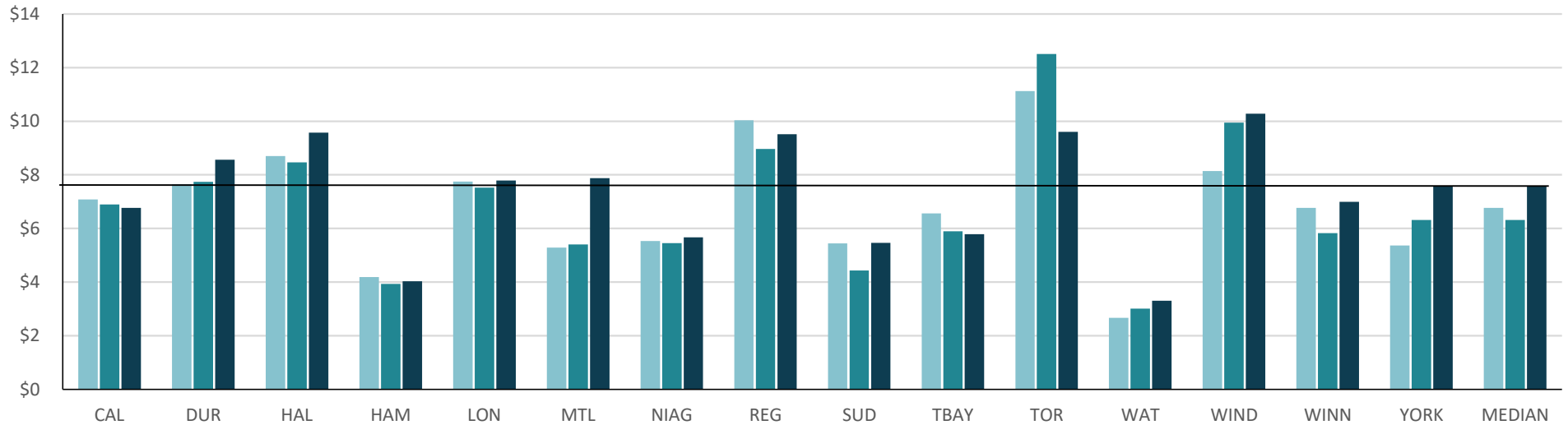
Source: FINV245 (Service Level)

Montréal: Over the past few years, as a result of communications with suppliers, more and more suppliers have signed up for electronic payment. In addition, by default, all new suppliers to the City register for electronic payment.

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.



| | | | | | | | | | | | | | | | | |
|------|--------|--------|--------|--------|--------|--------|--------|---------|--------|--------|---------|--------|---------|--------|--------|--------|
| 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 | \$5.37 | \$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 | \$6.32 | \$6.32 |
| 2020 | \$6.77 | \$8.56 | \$9.57 | \$4.03 | \$7.79 | \$7.88 | \$5.67 | \$9.51 | \$5.46 | \$5.79 | \$9.60 | \$3.31 | \$10.28 | \$6.99 | \$7.56 | \$7.56 |

Source: FINV317 (Efficiency)

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

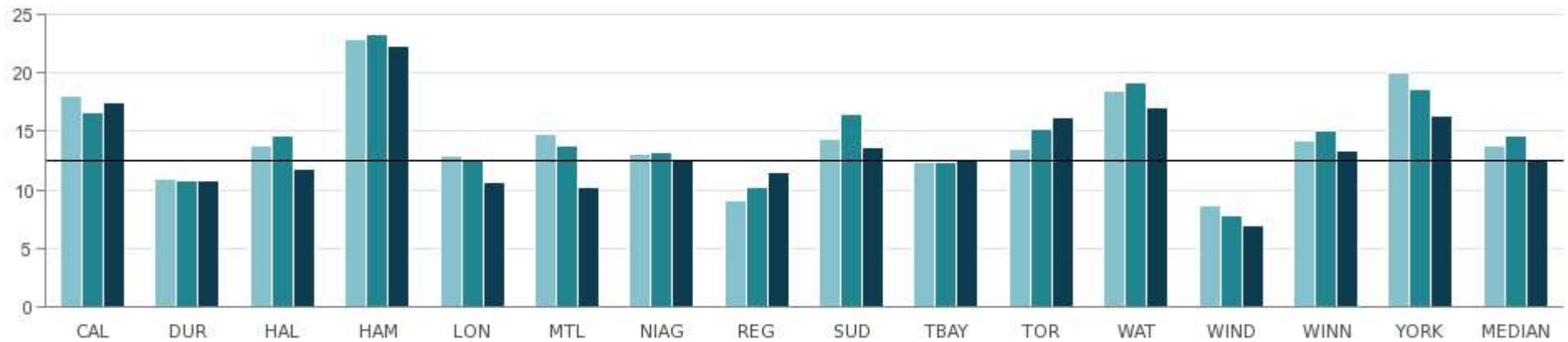
Windsor: The higher operating cost for 2019 and 2020 are associated with overtime and additional staff required to improve processing delays. In addition, an extended position vacancy in 2018 led to lower operating cost that year.

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)



| | | | | | | | | | | | | | | | | |
|------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|--------|--------|--------|
| 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 |
| 2020 | 17,540 | 10,729 | 11,742 | 22,265 | 10,594 | 10,245 | 12,549 | 11,563 | 13,694 | 12,469 | 16,248 | 16,993 | 6,960 | 13,362 | 16,321 | 12,549 |

Source: FINV325 (Efficiency)

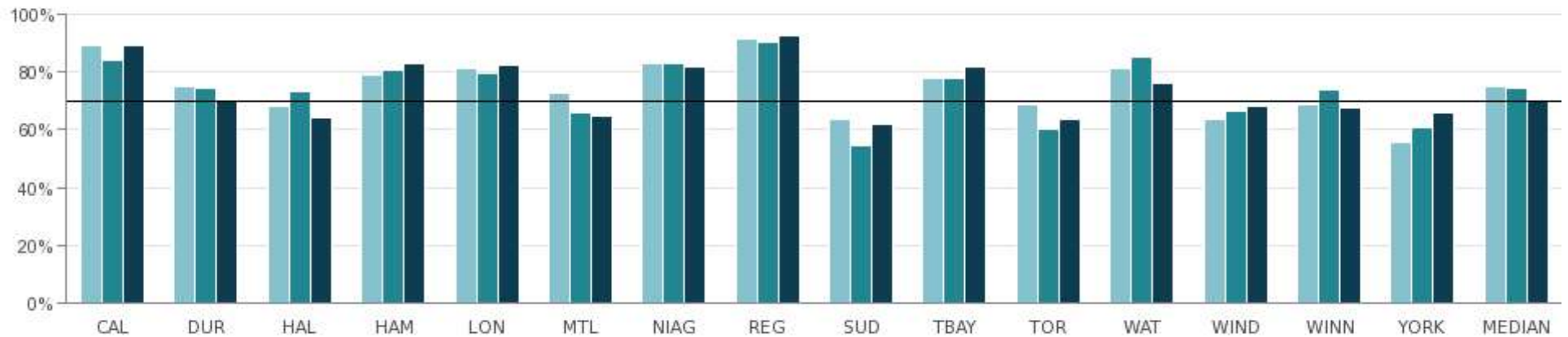
Sudbury: Increase due to staff shortages in 2019 resulting in overtime and contracted costs with external agency to facilitate invoice processing.

Windsor: In 2018, the City had a higher volume of invoices processed as bulk uploads (due to the local elections). In 2019, an additional position was added for part of the year to speed up processing of payments.

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.



| | | | | | | | | | | | | | | | | |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 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% |
| 2020 | 89.5% | 69.9% | 64.5% | 83.3% | 82.3% | 64.7% | 81.7% | 92.7% | 62.0% | 81.9% | 63.9% | 76.2% | 68.3% | 67.4% | 65.7% | 69.9% |

Source: FINV410 (Customer Service)

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