



22. ACCOUNTS PAYABLE SERVICES

The goal of Accounts Payable is to 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

What should you consider when reviewing these results?

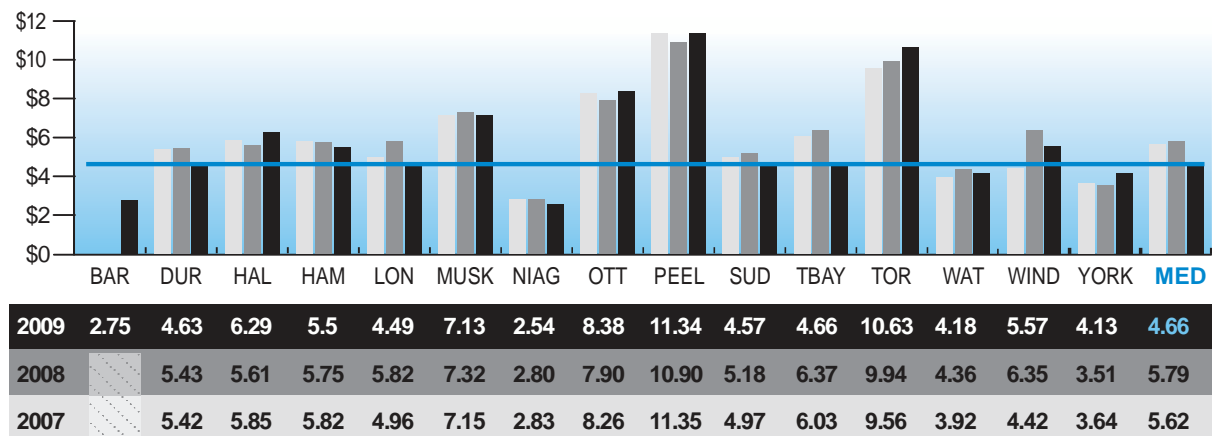
Each municipality's results are influenced to varying degrees by a number of factors, including:

- organizational form: centralized vs. de-centralized invoice approval process.
- credit card purchases: some invoices are system generated (credit cards) which reduces the number of invoices to process
- payment policy: timeline for paying invoices will vary according to different local policies.

What are the results?

How much does it cost to process an invoice?

Fig. 22.1 Accounts Payable Operating Cost per Invoice Paid

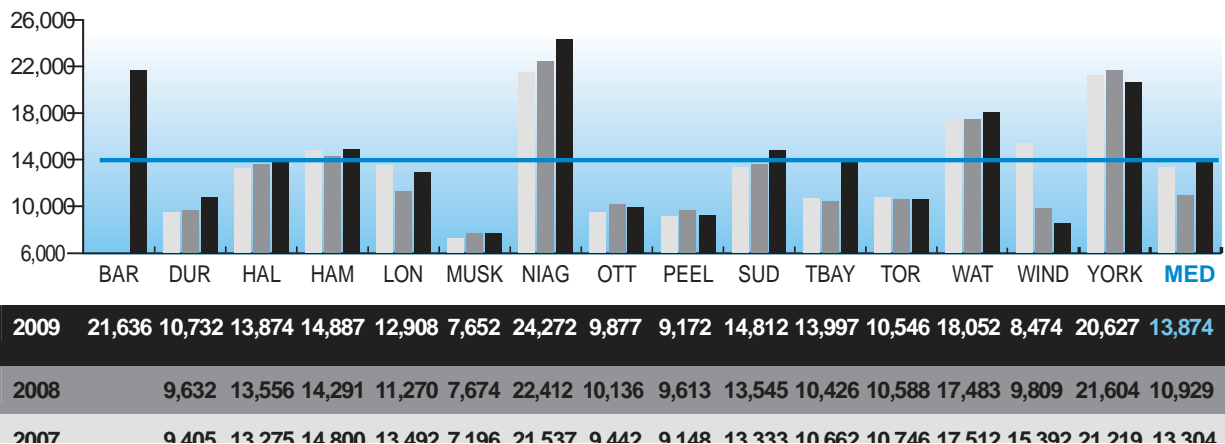


Source: FINV₃₁₇ (Efficiency)

ACCOUNTS PAYABLE SERVICES

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

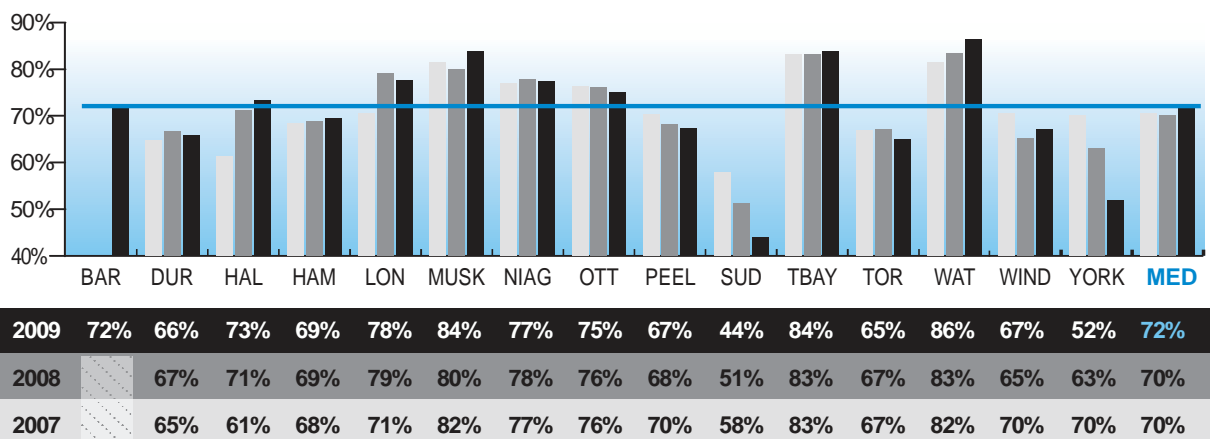
Fig. 22.2 Number of Invoices Paid per Accounts Payable FTE



Source: FINV325 (Efficiency)

What is the percentage of invoices paid within 30 days?

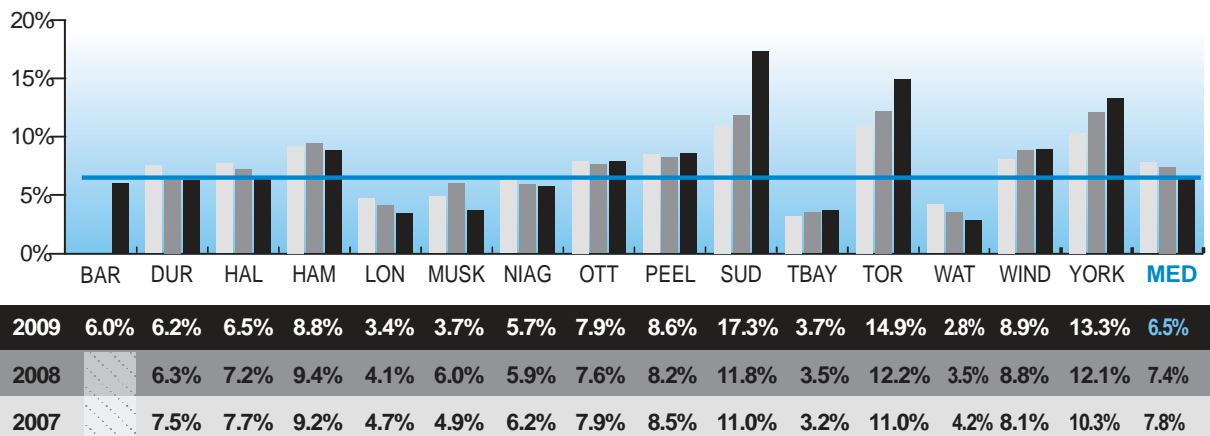
Fig. 22.3 Percentage of Invoices Paid Within 30 Days



Source: FIN410 (Customer Service)

What is the percentage of invoices paid over 60 days?

Fig. 22.4 Percentage of Invoices Paid 60 Days or Greater



Source: FINV420 (Customer Service)