

Priority: Accountability
Program Offer Type: Existing Operating
Related Programs:

Lead Agency: County Management
Program Contact: Mike Waddell

Program Characteristics:

Executive Summary

Central Accounts Payable (AP) supports County programs in the areas of vendor payment processing, auditing & data integrity, procurement card administration, SAP vendor record management, travel & training audits, and compliance with County Administrative Procedures.

Program Description

AP processes approximately 115,000 vendor invoice payments and refunds annually; this includes check payments, electronic payments and intergovernmental funds transfers. AP also administers the procurement and travel card programs and audits travel & training payment settlements. AP facilitates the establishment of petty cash accounts countywide; coordinates the fiscal year-end expenditure accrual function; conducts internal audits of AP functions, coordinates/prepares documentation for external audits and is responsible for maintaining accurate vendor information records for payment and tax reporting purposes. In addition, AP provides technical assistance & individual or county-wide training to staff utilizing AP services.

Program Justification

AP ensures that vendor payments are made in an accurate and timely manner and are compliant with applicable internal controls, administrative procedures, government accounting practices and vendor contract terms where applicable. AP ensures that 1099 tax information is reported accurately according to IRS mandates. AP develops and communicates clear and uniform county administrative practices and procedures related to AP functions. AP contributes to staff competencies through information forums and periodic finance related user-group meetings for the purpose of procedural updates, training, and peer/professional support. AP also fosters continuous process improvement by exploring/adopting AP best practices and leveraging existing technology to evolve the payables function from a paper intensive process to a more sustainable, electronic process. This has reduced the cost of government--providing operating efficiencies without compromising internal controls.

Performance Measures

Measure Type	Primary Measure	Previous Year Actual (FY07-08)	Current Year Purchased (FY08-09)	Current Year Estimate (FY08-09)	Next Year Offer (FY09-10)
Output	Invoice Payments Processed	114,475	111,000	115,635	115,700
Outcome	Percent of Invoices paid on-time within 30 days	85.0%	87.0%	83.0%	85.0%
Outcome	Percent of Total Payments that are Electronic	31.0%	34.0%	35.0%	38.0%
Outcome	Procurement Card Program Rebates as a result of e-payment growth	45,932	50,670	55,681	74,670

Performance Measure - Description

Invoice payments processed increased from previous year due to growth of electronic payments which are processed daily as compared to weekly check payment processing.

Percent of total payments that are electronic is quantifying all paperless disbursements made via ACH (Automated Clearing House), wire transfer, government funds transfer or credit card purchase--growth correlates with more cost effective payment method.

Procurement Card Rebates are directly associated with the total amount spent in the P-Card system; the County experienced significant growth largely due to expanded use of credit card solutions combined with improved rebate rates negotiated with Bank of America. AP is expecting to expand this by more than 45% with the introduction of a new payables solution in the third quarter of FY09.

Legal/Contractual Obligation

Tax Information Returns (ie. 1099 MISC, 1099 INT, etc) are mandated by the Internal Revenue Service code via Sections 1.6001-1 through 1.6091-4. Failure to comply could result in County being assessed penalties and fines. Timely payment to vendors is a contractual obligation.

Revenue/Expense Detail

	Proposed General Fund	Proposed Other Funds	Proposed General Fund	Proposed Other Funds
Program Expenses	2009	2009	2010	2010
Personnel	\$585,487	\$0	\$569,009	\$0
Materials & Supplies	\$15,965	\$0	\$12,166	\$0
Internal Services	\$124,575	\$0	\$108,495	\$0
Subtotal: Direct Exps:	\$726,027	\$0	\$689,670	\$0
Administration	\$25,897	\$6,110	\$197,894	\$0
Program Support	\$16,455	\$0	\$13,543	\$0
Subtotal: Other Exps:	\$42,352	\$6,110	\$211,437	\$0
Total GF/non-GF:	\$768,379	\$6,110	\$901,107	\$0
Program Total:	\$774,489		\$901,107	
Program FTE	6.75	0.00	6.40	0.00
Program Revenues				
Other / Miscellaneous	\$50,670	\$0	\$74,670	\$0
Program Revenue for Admin	\$0	\$0	\$0	\$0
Total Revenue:	\$50,670	\$0	\$74,670	\$0

Explanation of Revenues

This program is supported largely by General Fund revenues.

Rebates are the only external source of revenue for Central AP. Rebates are received from U.S. Bank and Bank of America. Rebates are based on the annual spend in each of the banks' credit card programs, the majority of which is from Bank of America's procurement card program. Multnomah County is a member of the Bank of America Procurement Card Consortium of 35-plus local government agencies which has leveraged competitive rebate terms.

Significant Program Changes

✔ Significantly Changed

Last year this program was: #72010, Accounts Payable

Significant changes include a reduction in staff by .50 FTE (Fiscal Specialist 1 position). Reduction of staff will result in the elimination of Central AP oversight of Travel and Training receipts and reconciling settlement documents; also negatively impacted will be the oversight and audit of petty cash account information that is monitored centrally for internal controls, procedural compliance and timely bank reconciliations. The burden of these regular reconciliations will rest solely on the departments and their ability to self-monitor, requiring them to be more vigilant of internal controls and segregation of duties. Without centralized monitoring this may ultimately result in greater likelihood of audit findings and increased risk of theft/fraud.