



2022 BUDGET – MODERNIZATION FUNDING REQUEST 09

New Initiative:	Accounts Payable Digitization Implementation
Department/Division:	Corporate Services - Finance
Strategic Plan Focus:	A County that is Well Connected
Strategic Plan Objective:	<i>5. ii. Deliver exceptional services by: Regularly reviewing service level standards to assess potential for improved access to services / amenities</i>

DESCRIPTION OF REQUEST

A third party evidence-based review and recommended accounts payable digitization implementation project, designed to modernize the current accounts payable paper based process, will gain efficiencies and cost savings for the County and participating area municipalities.

DISCUSSION

Background

The County has considered automating the accounts payable process over the course of many years, however have not been able to identify a solution that gains efficiencies due to the large volume of invoices being processed.

In August 2021, an independent third party review was undertaken to assess the feasibility of modernizing current accounts payable paper based processes, and to ascertain how digital modernization of the processes will gain efficiencies and cost savings for the County and two of its area municipalities – Towns of Ingersoll and Tillsonburg. The Review Project is funded by the Provincial Government's Municipal Modernization Program created to support municipalities modernize service delivery and identify new ways to be more efficient and effective. The project is currently ongoing with the final report expected in November 2021.

The County of Oxford processes approximately 36,000 invoices per year, primarily by two full time equivalent staff (FTEs). During the pandemic, invoices have continued to be processed utilizing wet signatures and paper submission to Finance staff. Finance staff currently utilize electronic means for the purpose of posting and paying invoices while the components at the commencement and completion of the workflow rest solely in paper format in order to ensure appropriate financial controls are maintained.

The Review Project recommendations will rely on demonstrated best practices employed by other municipalities or are transferable to municipalities in accounts payable process automation that have proven to be effective, efficient and ensures required payment timelines continue to be met.

Comments

The consultant's findings will identify the ideal flow of the procurement process from cradle to grave between information systems including detailed recommendations on how the County and participating area municipalities can achieve efficiencies and reduce duplication, using existing systems where practical.

The ongoing Review Project workplan is well underway with Phase 1 completion of current state process maps. The next phase (Phase 2) will identify digitization opportunities assessed through processes using Lean principles of automation, flow and waste to assess every step captured. In addition, the consultant will prepare a cost analysis of the current state process; a scan of common and emerging practices in the municipal sector or transferrable to the municipal sector; and a gap analysis identifying where we are today to where we could be with a digitized accounts payable solution.

Phase 3 of the Review will consider potential changes and update the process maps to describe how the process would work if agreed changes were implemented. A business continuity plan will also be developed in this phase to ensure the system can be sustained during business interruptions. In addition, implementation costs will be identified taking into consideration whether existing systems can support the change, or if a new system is required, to arrive at an estimate cost of implementation.

The fourth and final phase of the review project will be a final report and presentation delivered by the consultant. The final report will be comprised of the following:

- Current state process maps
- Ideal state process maps
- Accounts payable business continuity plan
- Accounts payable digitization business plan

The final report is scheduled to be available in mid-November at which time estimated costs presented in the Budget Requirements section below will be updated. As it is anticipated that costs savings and efficiencies can be achieved if implementation is coordinated with our area municipal partners involved in the review project. On that basis, the Budget Requirements includes project implementation costs for the Towns of Ingersoll and Tillsonburg, subject to their respective Councils' approval, as a joint application with the County for funding under the Municipal Modernization Fund.

Conclusions

In light of the positive outlook of the consultants to date regarding the Accounts Payable Digitization Feasibility Review project, modernization funding for implementation of the recommended solution will assist the County and area municipalities achieve ongoing efficiencies and cost savings that will be better utilized in serving our community.

RISKS/IMPLICATIONS

Digitizing the accounts payable process lessens exposure related to risk of retaining paper records in any operation, in the event of a fire or disaster. Enabling digital retention ensures

back-ups are produced of the records. Digitizing records protects data integrity and enhances business continuity planning.

BUDGET REQUIREMENTS

	2022 One-time	2022 Base
Funding		
Modernization Grant – Implementation Stream (Intake 3)	\$185,250	\$-
Reserve Funding - General	33,250	-
Town of Ingersoll Contribution	33,250	
Town of Tillsonburg Contribution	33,250	
Total Funding	285,000	-
Expenses		
Software	180,000	20,000
Purchased service - implementation	90,000	-
Capital – scanners and equipment	15,000	-
Total Expenses	285,000	20,000
County Levy	\$-	\$20,000

Notes:

1. Budget requirements are placeholder estimates only until the Final Report from the Accounts Payable Digitization Feasibility Review Report is complete in mid-November 2021.
2. Savings in paper, toner and supplies is estimated to be \$1,000. These savings will be offset through interdepartmental photocopier charges in 2023.