CITY AUDITOR'S OFFICE

CITY OF ATLANTA

PERFORMANCE AUDIT:

Timeliness of Payments

April 10, 2025
Project No. 25.02

www.atlaudit.org

CITY OF ATLANTA

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April 10, 2025

Honorable Mayor and Members of the City Council:

This quick response audit assesses whether vendors are paid within credit terms and identifies barriers to making prompt payments. We reviewed invoices for purchased and contracted services and supplies from July 2021 through December 2024, and found that 58% were paid within 30 days of the invoice date. Although citywide invoice payment timeliness has improved, further efficiencies can be gained. Our recommendations are geared toward enhancing certain procurement and accounts payable practices.

The Audit Committee has reviewed this report and is releasing it in accordance with Article 2, Chapter 6 of the City Charter. We sent a draft report to management on April 1, 2025, and received their response on April 17, 2025. We appreciate the courtesy and cooperation of city staff throughout the audit. This is our first quick response audit and the team for this project was Brandi Bell and Christopher Armstead.

Amanda Noble
City Auditor

Danielle Hampton
Chair, Audit Committee

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Audit Objectives

At the end of 2023, the city undertook an effort to reduce the number of invoices over 30 days and train employees on accounts payables policies and procedures. This audit assesses whether vendors are paid within credit terms and identifies barriers to making prompt payments.

This report addresses the following objectives:

1. Does the city pay vendors according to agreed-upon payment terms?
2. If the city does not pay vendors timely, what barriers prevent timely payments?

Executive Summary

What We Found

We reviewed invoices for purchased and contracted services and supplies from July 2021 through December 2024 and found that 58% were paid within 30 days of the invoice date. Payment turnaround times have improved since 2021, which can likely be attributed to citywide training that Accounts Payable held in mid-2023. Also, invoice holds did not appear to impact payment processing times because they were typically resolved in a few days. Although citywide invoice payment timeliness has improved, further efficiencies can be gained by enhancing certain procurement and accounts payable practices. Invoice turnaround time can be improved by encouraging vendors to submit invoices through the city's supplier portal, which is the city's preferred method.

User department behavior can slow invoice payment processing. Almost 20% of the invoices in our audit period that were matched to purchase orders had purchase orders created after the invoice date, which significantly delayed payment. Some departments also appeared to delay submitting invoices to Oracle, which could be inconsistent with city code requirements and delays payment. Delays can negatively affect vendor operations and cash flow needs and also strain city relationships with suppliers. Also, the city does not have a process for tracking vendor inquiries and concerns, and the confusion this creates delays payments and could impact both vendors and city department operations.

What We Recommended

We recommend the chief procurement officer provide more training and support to suppliers to increase the use of the supplier portal. We also recommend the chief financial officer provide periodic training refreshers to remind departments to submit invoices within five business days of receipt of goods and services, in compliance with city code. We also recommend the chief financial officer collaborate with any other city departments as needed to develop a centralized channel for vendors to communicate with the city about invoice issues and ensure resolutions are tracked and timely resolved. In a prior audit, we recommended that Procurement establish a deadline or SLA for departments to submit requisitions to ensure that purchase orders are created before contractor work is performed.

Background

The city has a financial obligation to pay vendors for goods and services that have been received. Generally, the city aims to process payments within 30 days after receiving the invoice from the vendor, once goods and services have been received. The city can pay invoices either by making direct payments to vendors or by using a purchase order issued to vendors. Purchase orders are preferred and have controls which help to ensure the city is conducting business with registered vendors, funds are encumbered within budgets for their intended use, and purchases are matched to invoices. User agencies work with the departments of Procurement and Finance (Accounts Payable) to order and pay for goods and services.

City Purchasing Function is Centralized

The city's procurement function is centralized within Procurement under the purview of the Chief Procurement Officer. The department provides guidance to city employees to ensure purchases of goods and services are in accordance with city code. Section 2-1138(a) of city code authorizes the Chief Procurement Officer to solicit and enter into contracts for the city. Procurement is directly responsible for purchasing commodities, services, and construction services for all city departments and agencies and issuing all purchase orders. The department also works with suppliers to ensure they are properly registered before conducting business with the city.

Finance Facilitates Citywide Invoice Payments

The Office of the Controller, one of seven offices in the Department of Finance, oversees all employees involved in the accounting process, and its duties include management of general accounting, shared services (payroll and accounts payable), and financial statement reporting. Accounts Payable employees are responsible for accurate and timely payment of all the city's invoices, including purchase orders, blanket purchase orders, disbursement requests, employee expense reimbursements, freight bills, and grants payments. Although the city's accounts payable function falls under the Office of the Controller, the function is decentralized, as user departments collaborate with Accounts Payable staff to ensure invoices are paid timely. Employees in some other city departments, such as Aviation, Watershed Management, Enterprise Assets Management, and Transportation have specific authorizion to process invoices for payment.

The City Uses Oracle to Process Procurement and Payable Transactions

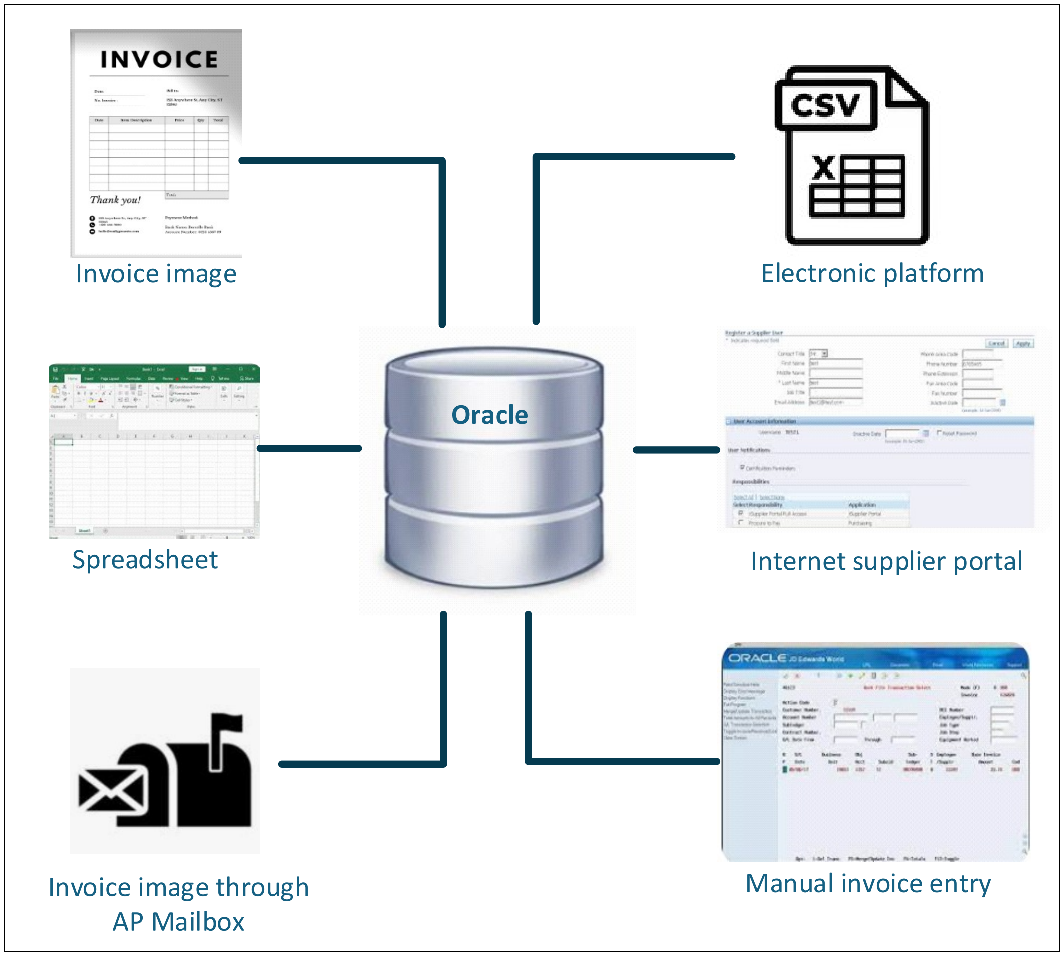
Oracle is a cloud-based enterprise resource planning platform that connects and automates financial management processes including payables, expenses, and reporting. Oracle has automated features that enable users to quickly process supplier invoices from entry to payment. City vendors use Oracle to register as a supplier and can create and submit invoices for payment through the system. User departments create requisitions in Oracle and submit them along with required supporting documents to Procurement for processing. Procurement staff, in return, use Oracle to generate and approve related purchase orders.

Invoices are submitted to Oracle for processing in various ways, including through its imaging function, through the supplier portal, AP (Accounts Payable) mailbox, through electronic platforms, spreadsheets, and manual entry (see Exhibit 1). Invoices can be either submitted into Oracle directly by vendors, or entered by Accounts Payable staff.

Invoice imaging is the most common way invoices are submitted. Either vendors or city departments send an email with the invoice directly to Oracle; the system's imaging function extracts information from the invoice and imports it into the payables module in Oracle for processing. Vendors can also upload documents to an **AP mailbox** through an email link that allows Accounts Payable staff to download and submit the information into Oracle through the imaging function.

Vendors can also use a web-based **supplier portal**, managed by the Department of Procurement, to submit invoices to the city for payment. Vendors create the invoice in Oracle by entering invoice data into the required fields in the portal, linking the invoice to a purchase order, and uploading attachments for AP staff to review. Vendors can also enter invoices into Oracle using **electronic platforms** such as electronic data interface and business-to-business exchanges (B2B XML) to transmit invoice data into Oracle through the use of CSV (comma-separated value) files or through the use of standardized language. Invoices submitted electronically through Oracle are typically processed in batches that require vendors to enter invoice information on a spreadsheet and the data are populated into the appropriate fields in the payables module.

Exhibit 1: Invoices Are Submitted to Oracle by Multiple Methods



Source: Developed by auditors from interviews with Accounts Payable staff

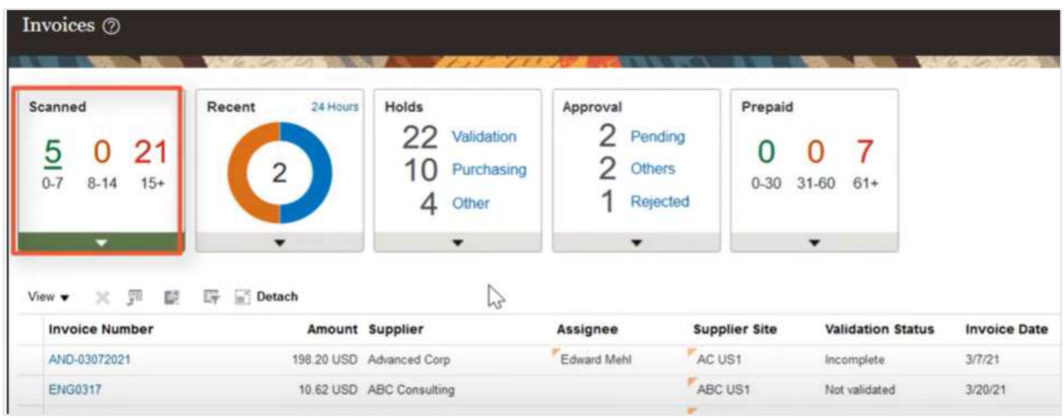
Accounts Payable staff can also upload invoice data into Oracle for processing using **spreadsheet** templates. This process is typically used for utility payments, bond payments, and refunds. Accounts payable staff can also enter invoices **manually** into Oracle, for example, if the system is unable to read a scanned invoice image.

An invoice in Oracle typically includes the invoice number, invoice amount, supplier, and payment terms (See Appendix C). The system also has invoice lines, which records information about the goods and services—this can be entered manually or generated automatically by matching an invoice to a purchase order or receipt. This information helps to ensure that the city only pays for the goods and services that it ordered, received, or consumed. Appendix D shows that the invoice is matched to the purchase order in Oracle.

A user can match a single invoice to multiple purchase orders or multiple invoices to a single purchase order. Invoice distributions are used to create accounting entries and include the accounting date, distribution combinations, and project information. Budgetary controls are activated in Oracle to prevent user departments from overspending by ensuring that funds are reserved against anticipated expenditures before actual purchases are made.

Oracle displays different info tiles on its landing page to users that provide the status of an invoice and allows staff to perform various tasks when processing invoices (See Exhibit 2). The "scanned" infotile provides an aging of invoices scanned into Oracle that are invalid or have missing information. The "recent" infotile shows the number of invoices that were added to Oracle within the last seven days. The "holds" info tile shows the number of invoices that are on hold by category, which typically require review and release by a manager. The "approval" infotile displays invoices that are awaiting approval or rejected, and the "prepaid" infotile displays available prepayments that can be applied to invoices.

Exhibit 2: Oracle Notifies Users of the Validation Status of an Invoice



Source: Developed by auditors from interviews with Accounts Payable staff

Before invoices can be paid or accounting entries created, an invoice must be validated in Oracle. The validation process performs actions such as calculating tax, confirming that matching variances fall within specified tolerance limits, and placing holds for exceptions. One of Oracle's functions is to check for variances among ordered, received, consumed, and invoiced quantities or amounts. Other invoice validation statuses in Oracle include "incomplete," "needs revalidation," and "not validated." Incomplete invoices are invoices created from an image that has invalid or missing information. Invoices with the needs revalidation status are those that the system attempted to process but some of the information is inaccurate or more information is needed to process the invoice, such as an invoice that was not properly receipted in Oracle. If any exceptions occur during the automatic invoice creation process in which all the fields in Oracle were not populated, the system marks the invoice as not validated and routes it to accounts payable staff for review and processing.

Invoice approvals in Oracle are managed through predefined workflows. A status of “initiate” starts the approval workflow and routes it to the applicable approvers. An invoice that shows “workflow approved” in the system is a transaction that has been approved by the required number of approvers. Direct pay disbursements and grants-related expenditures require workflow approval in Oracle; however, invoices paid with purchase orders are automatically approved in the system after being validated. After the invoices have been validated and approved, they are ready for payment.

Payment terms and terms date on an invoice are used to calculate payment due dates and amounts. For example, if an invoice has payment terms of “Net 30”, the due date (payment date) is 30 days after the terms date, which is generally the same as the invoice date.

User Departments Are Required to Receipt Purchases in Oracle

To do business with the city, vendors are required to register as an authorized supplier through Oracle. Vendors create a supplier proile in the Supplier Registration module of Oracle to register. Registered suppliers can submit quotes, bids, or proposals and receive purchase orders. They can also create and submit invoices for payment through the supplier portal, which the city implemented in January 2019 and is the preferred method for receiving invoices. The city requires vendors to include at least one address in the profile and provide at least one active bank account because the city’s payment preference is ACH (automated clearing house). Vendors are required to upload a dated and signed W-9 form to the profile to complete the registration.

Exhibit 3 illustrates the city’s general procure-to-pay process, which shows various control points across pre- and post-purchase phases. After the supplier has completed registering its business in Oracle, Procurement staff reviews the profile information in Oracle for completeness. Oracle also performs system checks to validate the information and to flag duplicate profiles before vendor registration is approved. Once Procurement staff has approved the vendor’s registration, Oracle notifie the supplier the profile has been created. Registration takes approximately one to three business days to review.

Exhibit 3: System Controls Are Built into the City's Procure to Pay Process

Supplier Registration

- Vendors register with city through the supplier portal to create a profile
- Procurement reviews the supplier profile for completeness and approves it
- Vendors are required to provide address and banking details and upload a dated and signed W-9 form
- *Approx. 1-3 business days to review*

Requisition

- User department creates requisition to request purchase order(s) based on approved funding, attaches required supporting documents for Procurement's review
- If purchase >$100K, Council approval required
- Requisition obligates funds and provides an alert if funds are not budgeted
- *Approx. 9-week process if Council approval needed. Otherwise approval can be within a day.*

Purchase Order

- Procurement processes the requisition, approves the purchase order, and issues it to the user department
- Payment terms are selected
- Oracle sends a copy of the purchase order to the vendor and user department
- Purchase orders encumber funds
- *Approx. 24 - 48 hour turnaround*

Payment

- User department receives good/service and receipts against the purchase order
- Vendor submits invoice to the city
- Oracle performs 3-way or 2-way match. If match is unsuccessful, system places invoice on hold for user department to address
- Accounts Payable processes the invoice for payment
- *Oracle pays invoice based on payment terms*

Source: Developed by auditors based on process interviews with Procurement and Finance staff and review of citywide procurement and accounts payable policies

User departments are required to submit requisitions in Oracle for processing, including attaching the appropriate documents for the purchase type (i.e., small purchase, micro-purchase, special procurement, and sole source). Vendor quotes are part of the required documentation and departments are to select the lowest bidder, unless written justification is approved for selecting otherwise. Purchase requests greater than $100,000 require City Council approval and this process can take a minimum of nine weeks before legislation is approved.

Requisitions are approved in Oracle's workflow based on the department's approval hierarchy before they are routed to Procurement for review. Procurement staff review the information on the requisition for completeness and ensure required documents are attached. After Procurement has processed the requisition, they create the purchase order, which is then routed in Oracle to the appropriate Procurement staff member for approval based on its approval threshold. After it has been approved, Oracle sends a system generated email notifying the vendor, Procurement staff, and user department that the purchase order has been approved. The email also includes a PDF copy of the purchase order.

Payment terms are documented on the purchase order and can be anywhere from “immediate” to “Net 60;” however, the city’s default terms are set at “Net 30” in Oracle. If user departments require “immediate” pay terms, they are required to have the vendor submit the requested terms with the quote. Procurement staff typically process purchase order requests within 24–48 hours of approval of the requisition.

User departments are required to receipt purchases in Oracle once goods have been received and services rendered. This includes ensuring the goods have been received in satisfactory condition and services have been rendered according to terms. Once purchases have been properly receipted and all required documentation is submitted, invoices are processed in Oracle for payment. When invoices are uploaded to Oracle, it assigns a creation date to the invoice. Invoice dates are also noted in the system, which is the date the user enters into Oracle, typically based on the date noted on the physical invoice. Oracle matches receipted data against ordered data before the system validates the invoice for payment.

System or manual holds are placed when exceptions exist and user departments are required to address exception conditions before holds are released. Accounts Payable staff also review invoices assigned to them and conduct research on any identified with processing issues, which may include contacting user departments to resolve invoice exceptions. Staff cancel invoices that are open longer than 90 days or those that have issues that prevent Oracle from paying the invoice.

After the invoices have been processed and approved, Oracle updates the invoice status to “validated.” The system schedules payment for invoices with a validated and approved status based on the payment terms established in the system invoice record.

The City Paid Nearly $5 Billion For Purchased/Contracted Services and Supplies From July 2021 Through December 2024

From July 1, 2021, through December 31, 2024, the city paid 217,796 invoices for purchased and contracted services and supplies totaling $4,882,381,871 for all city departments (see Exhibit 4). Watershed Management, Public Works, and Aviation account for 52% of the invoices paid during the period.

Exhibit 4: Three Departments Account For Over 50% of Invoices Paid From July 2021–December 2024

Department	Paid Invoice Count	Percent
Watershed Management	47,398	22%
Public Works	40,876	19%
Aviation	24,524	11%
Parks and Recreation	17,422	8%
Police	16,294	8%
Executive Offices	8,802	4%
Fire & Rescue	8,358	4%
Law	7,976	4%
Enterprise Assets Management	6,540	3%
Transportation	5,686	3%
City Planning	4,902	2%
Grants & Development	3,310	2%
Judicial Agencies	3,299	2%
Corrections	3,230	2%
Finance	2,872	1%
Nondepartmental	2,839	1%
AIM	2,303	1%
City Council	2,190	1%
Human Resources	1,614	1%
Public Defender	1,575	1%
Citizen's Review Board	1,062	1%
Ethics	1,018	1%
Procurement	950	0%
Multiple	809	0%
Solicitor's Office	552	0%
Customer Service	549	0%
Audit	374	0%
OIG	263	0%
Labor & Employment	209	0%
Total	217,796	100%

52%

Source: Oracle invoices paid from July 2021 through December 2024, pulled as of January 30, 2025

Payment terms for nearly all invoices paid during our scope were either "immediate" or "Net 30" (see Exhibit 5). Immediate payment terms suggest invoices are to be scheduled for payment within the city's next payment run. A net 30 term means the full invoice payment is due in 30 days from the terms date.

Exhibit 5: Most Paid Invoices Had "Net 30" Terms

Payment Terms	Invoice Count	Percentage
Immediate	74,976	34%
Net 10	11	0%
Net 15	428	0%
Net 20	2	0%
Net 30	142,362	65%
1% 10 Net 30	1	0%
2% 10 Net 30	1	0%
Net 45	2	0%
Net 60	3	0%
End of Month	10	0%
Total	217,796	100%

Source: Oracle data as of January 30, 2025

As of February 2025, 60% of Open Invoices Were Ready to Pay

Oracle showed 3,252 open invoices as of February 6, 2025 across all departments. Public Works, Watershed Management, and Aviation made up 59% of the open invoices (see Exhibit 6). Of the total open invoices, nearly 60% (1,892) were in a ready to pay status, awaiting their scheduled term dates for payment. This means that they had been approved and validated by the system for payment and will be paid on the last date of their payment term, which for 95% of these was 30 days from the invoice date.

We also noted that 32% (1,046) of the open invoices were on hold across the departments with a "needs revalidation" status because they were either awaiting receipt in Oracle, need image corrections, or the invoice information in Oracle was inaccurate and needed correcting. Public Works, Watershed Management, and Parks and Recreation had the most invoices on hold as of February. Nearly 10% (314) of the total open invoices across the departments were being processed for payment, but were not ready to pay—most were in the middle of the system validation process awaiting departmental approval or needed departmental corrections.

Exhibit 6: As of February 6, 2025, About 3,300 Invoices Were Open and 60% Were Ready to Pay

Dept Code	Department	Number of Open Invoices Per Department	Percent of Total Open Invoices	Count of Invoices With "Held" Status	Number of Invoices Ready to Pay	Invoices Being Processed, But Not Ready to Pay
13	Public Works	904	28%	299	536	69
17	Watershed Management	556	17%	150	366	40
18	Aviation	459	14%	116	301	42
14	Parks and Recreation	282	9%	120	118	44
04	Executive Offices	183	6%	100	67	16
24	Police	166	5%	29	125	12
23	Fire & Rescue	155	5%	50	78	27
09	Corrections	86	3%	35	43	8
33	Transportation	65	2%	19	43	3
31	Enterprise Assets Management	52	2%	13	27	12
25	City Planning	46	1%	16	21	9
03	City Council	44	1%	11	32	1
10	Finance	37	1%	13	21	3
05	AIM	35	1%	9	24	2
19	Judicial Agencies	32	1%	9	15	8
08	Law	23	1%	2	16	5
30	Public Defender	20	1%	13	7	0
11	Procurement	17	1%	4	13	0
22	Human Resources	17	1%	3	9	5
28	Citizens Review Board	16	1%	10	6	0
34	Grants & Development	9	0%	4	4	1
35	Labor & Employment	9	0%	2	3	4
36	OIG	9	0%	6	3	0
27	Ethics	8	0%	4	4	0
20	Nondepartmental	7	0%	3	3	1
26	Solicitor's Office	5	0%	1	4	0
Multiple	Multiple	5	0%	1	2	2
32	Customer Service	3	0%	3	0	0
29	Audit	2	0%	1	1	0
	Total	3,252	100%	1,046	1,892	314

Source: Open invoices in Oracle as of February 6, 2025

Findings and Analyses

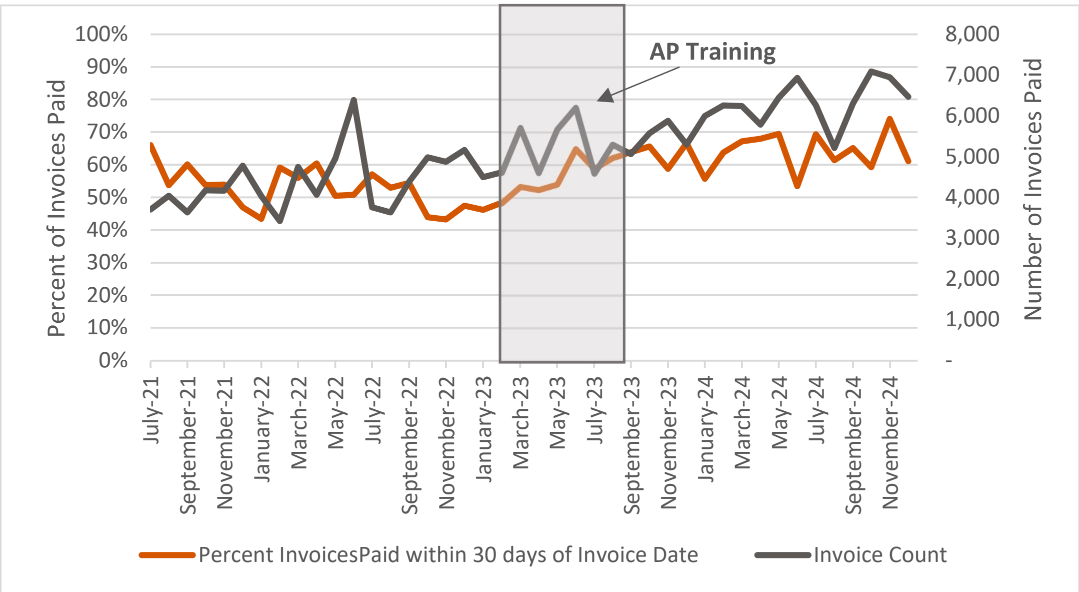
Objective 1: Does the city pay vendors according to agreed-upon payment terms?

We reviewed invoices for purchased and contracted services and supplies from July 2021 through December 2024 and found that most invoices were paid within 30 days. During this period, of the 217,796 invoices that were paid, 58% were paid within 30 days from the invoice date.

Most Invoices Are Paid Within 30 Days

The percentage of invoices paid within 30 days from July 2021 through December 2024 has increased since 2023, even though the number of invoices paid each month has also increased. The improvement is likely related to training that Accounts Payable conducted citywide in mid 2023. Invoice payment times steadily improved following the training (see Exhibit 7).

Exhibit 7: Timeliness of Payments Has Increased Over Time



Source: Oracle data as of January 30, 2025 based on auditor's analysis

Finance's Accounts Payable staff trained departments in April 2023 through June 2023 to enhance users' understanding of functions such as invoice hold reports, departmental hold codes, invoice hold reasons and codes, and invoice approvals. The training also explained to user departments how the outstanding invoice report can be used to reduce the backlog of outstanding invoices and the differences among the various invoice statuses, and how they impact payment accuracy and timeliness. City department representation included staff from areas such as Finance, Public Works, the Mayor's Executive Office, City Council, Watershed Management, Atlanta Citizen Review Board, Grants & Development, and AIM. The training efforts were intended to increase collaboration between Accounts Payable and user departments to ensure citywide invoices are processed according to policies and vendor payments are made timely.

Payment Times Vary Based on How Invoices are Entered into Oracle

Invoices can be submitted to Accounts Payable staff using different methods, including through the system's imaging function, the internet supplier portal, electronically, manually, or from spreadsheet uploads. Although vendors have submitted the majority of invoices in Oracle through the invoice image function for processing, the internet supplier portal has a faster turnaround. However, we found that vendor use of the supplier portal to submit invoices has increased since fiscal year 2022.

Invoices Submitted Through the Supplier Portal Are Paid Faster

Over 60% of the total invoices paid during the period were processed through Oracle's invoice imaging function, which could result in invoices taking slightly over two months from the vendor's invoice date to be paid. Delays could be due to potential invoice processing errors, such as system holds from receipting issues or invoice scanning errors. Our analysis shows the fastest turnaround was for vendors to submit invoices through the supplier portal, which were typically processed within a month from the invoice date (see Exhibit 8).

The electronic methods ("electronic invoice" and "B2B XML invoice") also show faster turnarounds than the imaging function; however, vendors who use these methods are submitting invoices in batches through advanced system platforms, which may not apply to all vendor operations.

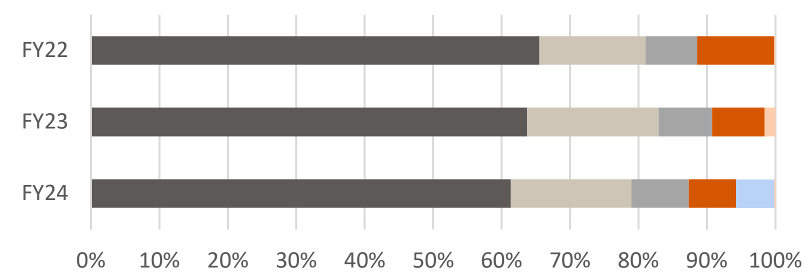
Exhibit 8: Invoices Submitted Through the Supplier Portal Were Paid Faster Than Those Submitted By Invoice Imaging

Invoice Source	Invoices Paid	Percent	Median Days (Invoice Date to Payment)	75th Percentile Days (Invoice Date to Payment)	Percentage with POs
Invoice image	136,474	63%	30	63	71%
Internet supplier portal	37,311	17%	29	31	100%
Manual invoice entry	18,427	8%	31	71	76%
Electronic Invoice	17,113	8%	29	30	100%
Electronic platform (B2B XML invoice)	7,285	3%	29	29	100%
Spreadsheet	1,058	0%	139	182	86%
Total	217,668				

Note: The invoice total shown here does not include 128 invoices that were sourced as "GA Power" which are utility payments and "Conversion" which are invoices converted from the prior Oracle system.
Source: Auditor analysis based on paid invoice data in Oracle for the period of July 2021 through December 2024

We analyzed trends in the different invoice submission methods over fiscal years 2022 through 2024. Although the number of invoices submitted through the supplier portal increased, as shown in Exhibit 9, less than 20% of the invoices paid during our review period were submitted through the portal, which is the city's preferred method.

Exhibit 9: Vendor Use of the Supplier Portal Has Increased



	FY24	FY23	FY22
Invoice image	42,538	37,024	34,107
Internet supplier portal	12,233	11,158	8,081
Manual invoice entry	5,798	4,527	3,928
Electronic Invoice	4,789	4,466	5,854
B2B XML invoice	3,859	-	-
Spreadsheet	131	920	108

Source: Auditor analysis based on paid invoice data in Oracle for the period of July 2021 through December 2024

Most of the city's invoices are tied to purchase orders—they are used to control the administration of payments to vendors. Submitting an invoice through the portal requires the vendor to link the invoice to an existing purchase order, which could shorten invoice processing times.

Invoices submitted electronically have declined by 18% over the period, which may be attributed to this method being more of a legacy process. More of the city vendors who submit invoices electronically started using the business-to-business platform in fiscal year 2024, which is more efficient because it requires invoice data to be exchanged using a standardized format. Manually entered invoices have also increased over the period by nearly 48%; however, this is not a preferred method of invoice processing since Oracle is configured to automatically process invoices for payment. We found that 52% of the manual invoices that were processed were for the Department of Aviation, which may suggest user agencies need refresher training on the city's accounts payable and invoicing processes.

Payment delays can impact vendor operations and cash flow needs and can also strain city relationships with suppliers. **We recommend the chief procurement officer assess barriers to vendors using the supplier portal to submit invoices and provide more training and support to suppliers to increase use of the platform.** The Department of Procurement's Supplier Portal Invoice Guide states the city's supplier portal is the recommended way to submit invoices because it is the most direct and error-free method.

Most Open Invoices Are Ready for Payment; Others Have System Holds That Are Generally Resolved In A Few Days

System or manual holds are placed when exceptions exist and user departments are required to address exception conditions before invoices can be paid. Holds can be applied by the system during the validation process for exception conditions or manually applied by Accounts Payable staff. We reviewed holds for invoices created from July 1, 2023 through December 31, 2024 and found that most were resolved within a few days.

Invoice Holds Have Little Effect on Payment Timeliness

We found that more than 96% of the holds during our review period were created by the system. Holds are released in Oracle either by staff, or by the system itself after the exception condition has been addressed and the invoice has been resubmitted through the validation process.

Exhibit 10 shows the reason for invoice holds for invoices created from July 1, 2023 through December 31, 2024. It also shows how long it took to resolve each type of hold. Holds are placed on invoices most often when invoices violate certain predefined matching criteria; however, the holds generally take only a few days to resolve. For instance, the "billed quantity exceeds received quantity" hold occured most often but took less than a week to resolve. Another type of hold that occured often was when the intelligent document recognition function did not correctly scan and interpret an invoice image. In this instance, the reason the system gives is “Invoice is missing invoice lines and needs completion.” Accounts Payable staff makes corrections before the system removes the hold.

Exhibit 10: System Holds Generally Relate to Receiving and Take A Few Days to Resolve

Hold Reason	Count	Percent	Median Days to Resolve	75th Percentile Days to Resolve
Billed quantity exceeds received quantity	101,528	58%	3	8
Invoice is missing invoice lines and needs completion	36,730	21%	2	5
Amount billed exceeds amount received	21,013	12%	3	7
Total of invoice lines does not equal invoice amount	6,918	4%	2	7
Hold for Internal AP Review	5,622	3%	1	3
Billed quantity exceeds ordered quantity	1,546	1%	7	48
All other Hold Reasons	2,099	1%		
Total	175,456	100%		

Source: Auditor analysis based on holds applied to invoice lines in Oracle between July 1, 2023, and January 1, 2025

Department users have access to hold reports in Oracle that allow them to identify the invoice(s) assigned to their department that are in a hold status and the reason(s) they are on hold so that the hold exception can be resolved. Because most invoices are paid through purchase orders, Oracle has controls in

place to hold processing invoices until the invoice is properly matched with a receipt of goods/services and the proper purchase order. The system requires each line of an invoice to match each line of a purchase order and receipt. To release the hold, user departments must correct the purchase order or invoice and resubmit the invoice for validation.

Mass Cleanup of Cancelled Invoices in June 2023 Helped to Reduce the Quantity of Open Invoices

Accounts payable staff performed a mass cleanup of invoices in 2023 that had been open and unpaid in Oracle for nearly two years . We found that 10,531 invoices were cancelled from July 1, 2021, through December 31, 2024, for various reasons, including: *insufficiently funded purchase orders, receipting timeframe expired, remit to address needs updating, and insufficient budgets* (see Exhibit 11).

We noted that most reason codes were blank, but Accounts Payable staff told us the Financial Systems Services team created the function for staff to document reason codes for cancelled invoices in October 2023. We compared the number of cancelled invoices to the number of paid invoices by department during our scope and found that the Department of Law had the lowest cancellation ratio (about 1%), while "Multiple Department" had the highest at 11%. The average ratio for all departments was nearly 5%. "Multiple Department" refers to purchases from a vendor that require different departments to receipt their portion of the invoice in Oracle against the purchase order. An example is an invoice processed within our scope for maintenance and remote hosting fees in the amount of $222,087 that was allocated across the Police, Planning and Watershed Management departments.

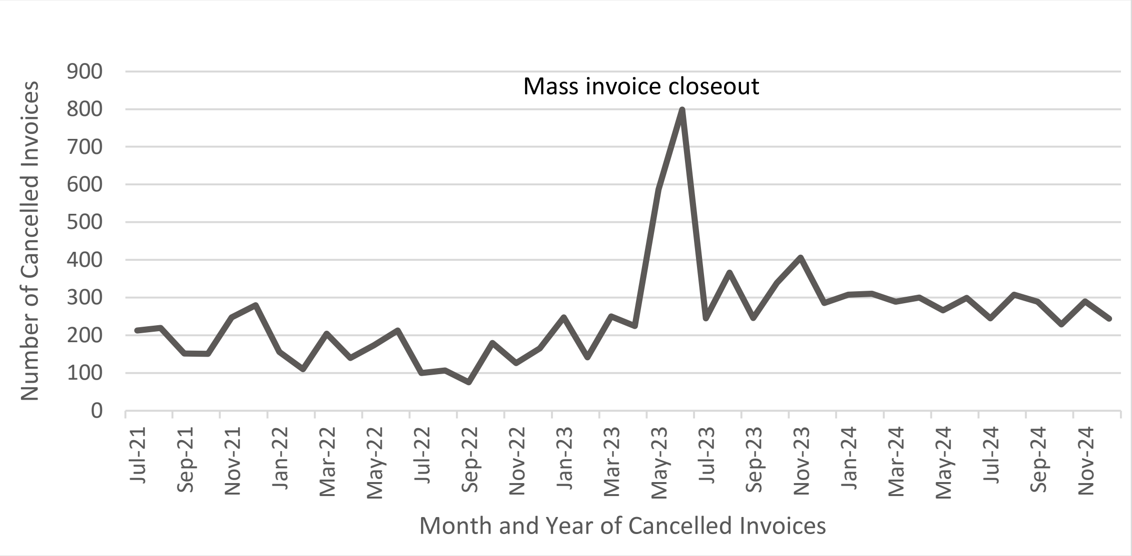
Exhibit 11: Law Had the Lowest Percentage of Cancelled Invoices Compared to Paid

Department	Paid Invoice Count	Percent	Cancelled Invoices	Cancelled/Paid
Watershed	47,398	22%	2,579	5%
Public Works	40,876	19%	1,956	5%
Aviation	24,524	11%	797	3%
Parks	17,422	8%	933	5%
Police	16,294	8%	766	5%
Executive Offices	8,802	4%	431	5%
Fire	8,358	4%	433	5%
Law	7,976	4%	77	1%
DEAM	6,540	3%	473	7%
ATLDOT	5,686	3%	413	7%
City Planning	4,902	2%	270	6%
Grants	3,310	2%	76	2%
Judicial Agencies	3,299	2%	167	5%
Corrections	3,230	2%	182	6%
Finance	2,872	1%	159	6%
Nondepartmental	2,839	1%	142	5%
AIM	2,303	1%	169	7%
City Council	2,190	1%	57	3%
Human Resources	1,614	1%	45	3%
Public Defender	1,575	1%	84	5%
ACRB	1,062	1%	21	2%
Ethics	1,018	1%	79	8%
Procurement	950	0%	48	5%
Multiple	809	0%	89	11%
Solicitor's Office	552	0%	31	6%
Customer Service	549	0%	14	3%
Audit	374	0%	17	5%
OIG	263	0%	20	8%
Labor & Employment	209	0%	3	1%
Total	217,796		10,531	5%

Source: Auditor analysis based on cancelled and paid invoices during July 2021 through December 2024 from Oracle

We also noted that invoice cancellations fluctuated over the period. Cancellations significantly spiked in June 2023—799 invoices were cancelled during this month. Accounts Payable staff told us the spike in invoice cancellations during this period was because Finance implemented a mass cleanup effort to rid Oracle of old invoices that could not be processed. Most of these invoices were entered into Oracle through the imaging function and could have been cancelled due to scanning issues. The median number of days between the invoice date and the cancellation date for the period was 730— half of the invoices cancelled in June 2023 were at least two years old.

Exhibit 12: Invoice Cancellations Spiked in June 2023 Due to Mass Closeout



Source: Auditor analysis based on cancelled invoice data in Oracle during July 2021 through December 2024

Objective 2: If the city does not pay vendors timely, what barriers prevent timely payments?

Further Efficiencies Can Be Gained in Invoice Processing Time

Although the city processes the majority of its invoices within 30 days, we identified areas in which invoice processing time can be further improved. We found that when invoices are created in Oracle before purchase orders are approved, vendor payments are delayed. Procurement generates purchase orders in Oracle based on approved departmental requisitions—80% of the invoices paid within our scope were related to purchase orders. We found that 17% of the invoices matched to purchase orders had invoice dates before the creation date of purchase orders within Oracle. The city requires vendors to document the city assigned purchase order number on the invoice before it is submitted for payment.

Payment Delays Occur When Invoices Are Created in Oracle Before Purchase Orders Are Approved

A purchase order in Oracle encumbers, or sets aside, funds specifically for anticipated purchases. If goods and services are rendered before the purchase order is created, the supplier will have to wait longer for payment. Over 7,000 invoices took 116 or more days to pay from the invoice date when the purchase order was created after the invoice (see Exhibit 13). We reiterate our prior recommendation from the *Landscaping Contracts* audit, "Procurement should establish a deadline or service level agreement for departments to submit requisitions to ensure that purchase orders are created before contractor work is performed."

Exhibit 13: Purchase Orders Created After Invoices Have Delayed Payment

	Count	Percent	Median Days to Pay	75th Percentile Days to Pay
Invoice Date **BEFORE** PO Creation	29,518	17.0%	45	116
Invoice Date **AFTER** PO Creation	143,757	83.0%	29	42

Source: Auditor analysis based on Oracle paid invoice data during July 2021 through December 2024

We also found that delayed entry of invoices into Oracle can affect the timeliness of payments. Although Accounts Payable is responsible for paying invoices, staff cannot pay invoices that have not been entered into Oracle.

Payments Are Delayed When Invoices Are Not Entered Timely into Oracle

Delays in entering invoices into Oracle can affect timeliness of payments. Departments have varying processes that create different turnarounds from invoice date to entry of the invoice into Oracle. The median difference in days between an invoice date and the entry of the invoice into Oracle for payment varied from 2 to 115 days for departments (see Exhibit 14). This indicates that some departments are physically holding invoices for an extended amount of time before submitting them to Oracle.

Exhibit 14: Departments' AP Processes Affect Payment Turnaround Time

Department	Median Age (in calendar days) Invoice Date to Enter Date in Oracle	Median Age (in calendar days) Invoice Date to Payment Date in Oracle
Grants	115	119
AIM	36	45
Enterprise Assets Management	25	33
OIG	24	36
Nondepartmental	22	30
Multiple	21	39
Law	13	22
Customer Service	12	29
Transportation	12	30
Police	12	29
Fire & Rescue	12	32
Corrections	12	30
Labor & Employment	11	29
Executive Offices	11	29
Citizen Review Board	11	29
City Planning	10	29
Aviation	8	29
Parks & Recreation	8	29
Watershed Management	8	29
Human Resources	7	29
Audit	7	29
Judicial Agencies	7	28
Solicitor's Office	7	29
Public Defender	6	17
Finance	5	29
City Council	5	29
Ethics	5	29
Public Works	3	29
Procurement	2	29

Source: Auditor analysis based on Oracle paid invoice data during July 2021 through December 2024

For example, we noted that Grants (Department of Grants and Community Development) held invoices for nearly four months before they were entered into Oracle for processing. This may be due to the nature of the department's operations as Grants is responsible for reimbursing subrecipients for program expenses after reviewing and approving reimbursement requests.

City code section 2-912(4) states that all city departments, bureaus, agencies, and offices are to prepare and submit all required payment authorization documents to Finance (Accounts Payable) no later than five business days after satisfactory receipt of supplies, services, construction, and professional or consultant services. **We recommend the chief financial officer provide periodic training refreshers on accounts payable policies to departments that at a minimum remind departments to submit invoices within five business days of receipt of goods and services in compliance with city code.**

The city should develop a process for tracking vendor inquiries regarding invoice processes through resolution. Procurement and Accounts Payable staff told us the city does not have a process to track vendors' payment inquiries and concerns. Both Procurement and Accounts Payable staff assist vendors who express concerns about overdue invoices. Suppliers typically send an email to either Procurement or Accounts Payable staff, or user departments to address outstanding invoices, which could get lost in the midst of other email threads and create response delays.

A Process for Tracking Vendor Inquiries Could Help Prevent Payment Delays

For example, one of the city's vendors initially emailed a user department's staff on December 17, 2024, inquiring about payment of overdue invoices, amounting to nearly $218,000. On December 19, 2024, staff responded to the vendor by referring the inquiry to another employee within the same department to address. The vendor apparently received no response from the department after several attempts, and contacted Procurement staff on January 9, 2025, in an effort to prevent the city's account from going on a credit hold. Procurement provided instructions to the department's staff to resolve the overdue invoices.

This suggests that communication is not clear to vendors regarding the appropriate process for timely resolution of payable inquiries. These payment delays could create financial hardships for vendors and work stoppage for city departments, if vendors are awaiting payment after services have been rendered and do not have a dedicated point of contact to clear questions about delayed payments. **We recommend the chief financial officer collaborate with any other city departments as needed to develop a centralized channel for vendors to communicate with the city about payment issues and ensure resolutions are tracked.**

Recommendations

To improve turnaround time for vendor payments, the Chief Procurement Officer should:

1. assess barriers to vendors using the supplier portal to submit invoices and provide more training and support to suppliers to increase the use of the platform

To ensure user departments are adhering to city code and Accounts Payable's procedures, the Chief Financial Officer should:

2. provide periodic training refreshers on accounts payable policies to departments that at a minimum remind departments to submit invoices within five business days of receipt of goods and services in compliance with city code

To ensure vendors have a direct line of communication with city staff regarding concerns with payable processes, the Chief Financial Officer should:

3. collaborate with any other city departments as needed to develop a centralized channel for vendors to communicate with the city about payment issues and ensure resolutions are tracked

Appendix A: Management's Response

Report Title: Timeliness of Payments		**Project No.** 25.02
Recommendation #1: We recommend that the chief procurement officer assess barriers to vendors using the supplier portal to submit invoices and provide more training and support to suppliers to increase the use of the platform.		
Risk Category: Service Delivery	**Recommendation Priority:** Medium	**Auditee Response:** Agree
Related Finding(s): • Over 60% of the total invoices paid during the period were processed through Oracle's invoice imaging function, which could result in invoices taking slightly over two months from the vendor's invoice date to be paid. Our analysis shows the fastest turnaround was for vendors to submit invoices through the supplier portal, which were typically processed within a month from the invoice date. Although the supplier portal has a faster turnaround, we found that less than 20% of the invoices paid during our review period were submitted through the portal, which is the city's preferred method.		
Proposed Action: DOP has already begun an assessment of the vendor supplier portal relative to this issue. DOP will add language to its ATLSupplier.com website, Supplier communications and any developed Supplier training to encourage Suppliers to submit invoices through the supplier portal.		
Name & Title of Business Owner: Chandra Houston, Interim Chief Procurement Officer	**Current Status:** Not Started	**Estimated Implementation Date Month/Year:** July/2025

Recommendation #2: We recommend that the chief financial officer provide periodic training refreshers on accounts payable policies to departments that at a minimum remind departments to submit invoices within five business days of receipt of goods and services in compliance with city code.		
Risk Category: Service Delivery	**Recommendation Priority:** Medium	**Auditee Response:** Agree
Related Finding(s): • We found that delayed entry of invoices into Oracle can affect the timeliness of payments. Departments have varying processes that create different turnarounds from invoice date to entry of the invoice into Oracle, which indicates that some departments are physically holding invoices for an extended amount of time before submitting them to Oracle.		
Proposed Action: **Department Training** - AP recommends to continue meeting with the departments consistently weekly, monthly or quarterly to provide training, assist with invoices on hold, inquire about invoices possibly being held by departments, and answers other questions pertaining to processing Purchase Orders and Invoices. This process provides consistent training to the city departments. **Invoice Cancelation** - AP recommends the use of an email notification that will automatically send to the invoice owner @ 60 days notifying an "action needed" to prevent the invoice cancellation, if no action is taken, within the next 30 days, the invoice will be cancelled. This email has been prodouced and tested, it's ready for production.		
Name & Title of Business Owner: COA Shared Services SeCreata Sims, Director Cathy Clay, AP Manager	**Current Status:** Started	**Estimated Implementation Date Month/Year:** Continuous

<table>
<tr><td colspan="3">Recommendation #3:
We recommend that the chief financial officer collaborate with any other city departments as needed to develop a centralized channel for vendors to communicate with the city about payment issues and ensure resolutions are tracked.</td></tr>
<tr><td>Risk Category:
Service Delivery</td><td>Recommendation Priority:
Medium</td><td>Auditee Response:
Agree</td></tr>
<tr><td colspan="3">Related Finding(s):
Procurement and Accounts Payable staff told us the city does not have a process to track vendors’ payment inquiries and concerns. Suppliers typically send an email to either Procurement or Accounts Payable staff, or user departments to address outstanding invoices, which could get lost in the midst of other email threads and create response delays. Payment delays of this nature could create financial hardships for vendors and work stoppage for city departments, if vendors do not have a dedicated point of contact to clear questions about delayed payments.</td></tr>
<tr><td colspan="3">Proposed Action:
Create a training video – To be incorporated into mandatory training through HR, ensuring consistent education across departments.
Implement a vendor chat feature – To assist with invoice inquiries. We may be able to leverage the existing ATL311 Chatbox platform for this purpose.

AIM Ticketing – A link to the AIM ticketing system be provided on the Supplier Portal and or ATL 311 site. The supplier can create a ticket inquiring of payment, the ticket will automatically route to APmailbox@AtlantaGA.gov . The tickets are numbered, logged, the supplier/vendor will get an email status update and a confirmation email when the ticket is resolved/closed.The supplier should expect a response within 48 to 72 hours. The AIM Ticketing process and AP mailbox will be managed by two (2) dedicated AP team members. Adding this to the current process will allow for two methods of tracking, the AIM ticketing and the AP email box.</td></tr>
<tr><td>Name & Title of Business Owner:
COA Shared Services
SeCreata Sims, Director
Cathy Clay, AP Manager</td><td>Current Status:
Not Started</td><td>Estimated Implementation Date Month/Year:
April 2026</td></tr>
</table>

Appendix B: Scope and Methodology

We conducted this audit in accordance with generally accepted government auditing standards. Our review included an analysis of citywide invoice payments for the period of July 1, 2021-December 31, 2024, for account groups “52” (purchased/contracted services) and “53” (supplies). The scope excludes other expense accounts such as personnel services, capital outlays, interdepartmental charges, depreciation, intergovernmental costs, debt service payments, refunds, and employee reimbursements. Our audit included a review of centralized Accounts Payable processes; it does not include a focus on internal processes of user departments. Also, the Department of Finance authorized the Department of Aviation to process its own invoices near the end of fiscal year 2022. This audit does not include a review of Aviation’s accounts payable processes; we will conduct a separate audit to review that department’s payables function.

Our audit methods included:

- reviewing city code provisions to understand procurement requirements
- reviewing Procurement’s and Finance’s policies and procedures to identify guidance provided to departments for citywide procure-to-pay processes
- reviewing Procurement’s supplier portal website to identify information provided to city vendors regarding supplier registration and invoice payment requirements
- interviewing Procurement and Finance staff to understand current procurement and invoicing practices
- analyzing invoice data in Oracle to identify trends in invoice payments before and after citywide accounts payable training efforts
- evaluating trends in invoice submission methods over the scope and identifying payment turnaround times in days for each
- analyzing open and canceled invoice data across departments
- identifying reasons invoices are held in the system and determining whether holds are mainly system generated or manually placed by staff
- analyzing how invoice timeliness is impacted when invoices are created in Oracle prior to the creation of purchase orders
- analyzing the median difference in days between the invoice date and Oracle entry date to assess invoice payment performance by city department

Generally accepted government auditing standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix C: Invoice Components Example

This is an example of an invoice that the vendor submitted to Oracle through the imaging function. Appendix D shows that Oracle matched the invoice to the purchase order.

Vendor name

GALLS

INVOICE

BILLING INQUIRIES	(866)286-1358

Page 1 of 1

ACCOUNT NUMBER	1004023614
TERMS	NET 30
INVOICE NUMBER	030252760
INVOICE DATE	01/23/2025
DUE DATE	02/22/2025
SHIP VIA	Consolidated Pickup
P.O. NUMBER	PO 52509912 A. ELLIS
ORDER# / ORDER DATE	28231305 12/05/2024
FOB SHIPPING POINT	F.O.B. Shipping Point

- Invoice term
- Invoice number
- Invoice date

Purchase order number

PO Box 54308
Lexington, KY 40555-4430
Billing Questions:AR@Galls.com

When applicable, merchandise was received and signed for by (signature below):

Sold To:
CITY OF ATLANTA PARKS AND REC
DERRICK DOYLE
160 TRINITY AVE SW
ATLANTA GA 30303-3650

Ship To:
MRT - Marietta Retail
DERRICK DOYLE
1395 South Marietta Pkwy
Building 200 Suite 220
MARIETTA GA 30067

ITEM	ITEM DESCRIPTION	WHS	QTY	PRICE	TOTAL
TR2254 DKNV 38 REG	FLEXRS COVERT TACTICAL PANT	MRT	4	85.00	340.00

Subtotal:	340.00
Shipping:	$0.00
Tax:	$0.00
CREDIT/PREPAYMENTS:	$0.00
TOTAL CHARGES CURRENT SHIPMENT:	340.00

GALLS

To ensure proper payment application, please write your account number on your check, and include the attached coupon with your payment

INVOICE DATE	01/23/2025
ACCOUNT NUMBER	1004023614
DUE DATE	02/22/2025
AMOUNT DUE	340.00
INVOICE NUMBER	030252760

Bill To:
CITY OF ATLANTA PARKS AND REC
DERRICK DOYLE
160 TRINITY AVE SW
ATLANTA GA 30303-3650

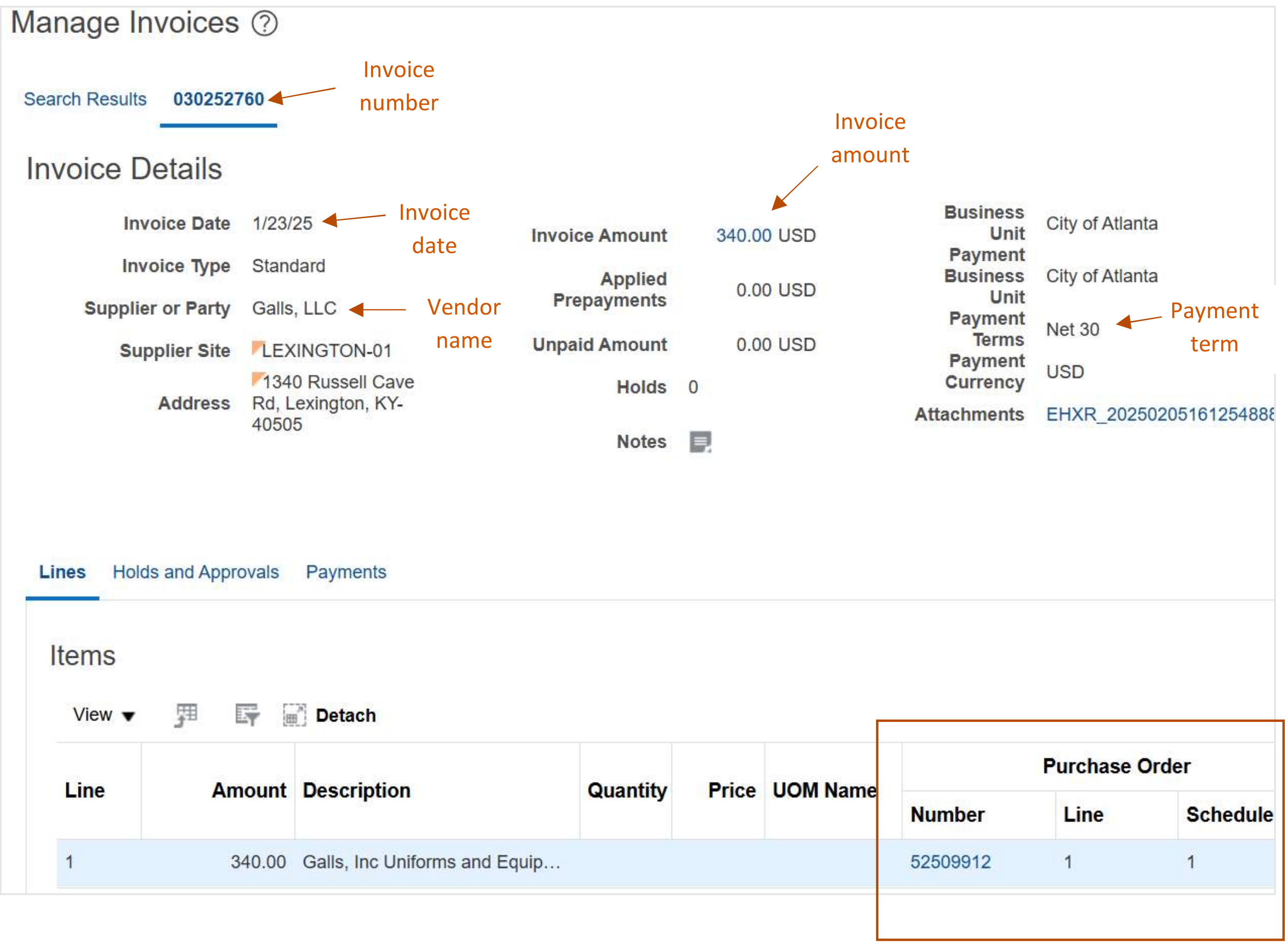
Payable To:
GALLS, LLC
P.O. Box 505614
St. Louis, MO 63150-5614

Amount due

Source: Oracle

Appendix D: Related Invoice in Oracle

This illustrates the information shown when Oracle matches the invoice to the purchase order. The related invoice is shown in Appendix C.



Source: Oracle