Memorandum

MIAMI-DADE COUNTY

Date: March 3, 2009

Agenda Item no. 12(B)6

To: Honorable Chairman Dennis C. Moss
and Members, Board of County Commissioners

From: George M. Burgess
County Manager

Subject: Prompt Payment Annual Report for Fiscal Year FY 2007-08

Pursuant to Administrative Order No. 3-19 regarding Prompt Payment, below is the annual report of interest payments made to County vendors during the fiscal year ended September 30, 2008.

Background

Miami-Dade County's Prompt Payment Ordinance No. 94-40, as amended by Ordinance No. 94-106, directs the County to pay its vendors in a prompt and timely manner, and provides for expedited payment to small businesses. The ordinance stipulates that payments to small businesses are due within 30 days of receipt of a proper invoice and 45 days for all other businesses. Vendors may charge the County and the Public Health Trust interest for late payments. Where such interest charges apply, interest is calculated on the unpaid balance compounded at the rate of one percent per month and shall accrue for a maximum of 12 months.

During FY 2007-08, the County made purchases totaling $4.12 billion. The table below is for informational purposes and summarizes the payments made during FY 2007-08. Payments to vendors, in accordance with the contract terms, are normally made using checks, wire transfers, or Automatic Clearing House (ACH) payments.

Organization	Vouchers Issued	Number Checks/ACH	Total Amount
General Segment Departments			
General Operating Account	533,931	109,562	$ 2,011,566,773
Manual Emergency Checks	2,579	2,579	181,747,749
Subtotal	536,510	112,141	$ 2,193,314,522
Decentralized Departments			
Aviation	21,105	11,068	$ 773,429,337
Housing	61,523	20,082	102,764,090
Water and Sewer	54,628	13,991	328,745,986
Public Health Trust	188,924	25,415	721,555,317
Subtotal	326,180	70,556	$ 1,926,494,730
Grand Total	862,690	182,697	$ 4,119,809,252

In FY 2007-08, the County made interest payments to vendors totaling $27,673 due to delays in processing invoices for payment. Interest payments were made by the Miami-Dade Aviation Department (to City Air Inc. in the amount of $470), the Miami-Dade Housing Agency (to Medline in the amount of $30); and the Public Health Trust (to 14 vendors totaling $27,173) as shown below. The total amount of interest paid compared to $4.12billion in payments represents a rate of .0006 percent of the total amount paid (Countywide) during fiscal year 2008.

Late Payments Interest Charges
(Fiscal Year 2007-2008)

Organization		**Late Payment Charges**
General Segment Departments		$0
Aviation Department		470
Housing Agency		30
Water and Sewer Department		0
Public Health Trust		27,173
	Total	**$27,673**

Continuing to Improve Responsiveness

The County works continuously to encourage vendors to sign-up for the ACH method of payment. ACH payments improve vendor cash flows by depositing County remittances directly to vendors' bank accounts, making funds available to the vendors within 48 hours of processing. Since this payment option is a transfer of funds directly to vendors' bank accounts, it serves to reduce the number of paper checks, mailings and outstanding reconciling items in the bank. The County will continue to promote this payment option as it provides benefits to the vendors and County alike. Payments processed through ACH increased from $1.657 billion in FY 2006-07 to $1.67 billion in FY 2007-08.

An on-going initiative of the Finance Department is to track the timeliness of vendor payments, as well as responsiveness to the vendor community. Vendor payments are tracked from the date a proper invoice is received by the County to the date a payment is issued to the vendor. The Finance Department's Controller's Division worked with user departments to pay vendor invoices within 45 days and in FY 2007-08 91 percent of invoices were paid within 45 days compared to 87 percent in FY 2006-07. County departments are continuously working to enhance efficiency in the payment process to increase the timeliness of payments to vendors.

Another measure that has improved the County's responsiveness to vendors is the use of purchasing cards. The County's purchasing card program is used by over 50 County departments for small purchases, registrations, on-line purchases and for emergency purposes. In 2008, the purchasing card usage totaled $2.2 million. Additionally, the travel credit card program, initiated subsequent to the termination of the travel agency contract and used to book travel arrangements, specifically air travel, totaled $1.3 million.

Cynthia W. Curry
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