



On Time, Every Time:

Strategies to Improve Vendor Payment Processes

Join PEN!



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Training
Thu, May 14, 2026

Meet our PPG Moderators



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Project Leader | PPG Infrastructure



In the chat, please share **your name and government!**

Agenda

 Join the “**PEN Prompt Payment Lab**” after this session to explore solutions you can implement in your government!

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1

Making the Case for Prompt Payment

Strengthening vendor trust and performance

2

City of Jackson, Mississippi

Turning payment challenges into progress

3

3 Steps to Tackle Prompt Payments

Designing an efficient vendor payment process

4

Wrap-up & PEN Announcements

What we learned & next steps

How can you engage in this session?



Please use the
“Raise Hand”
function on Zoom



Look out for
**discussions and
resources**
in the Zoom chat



Join in the
**conversation via
chat** and connect with
a peer!

Procurement... is for the public good.

As soon as we step out on the street, the impact of public procurement is everywhere

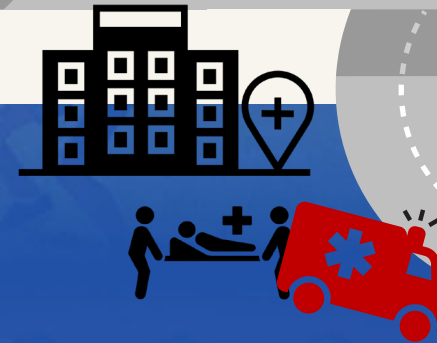
Procurement is the engine that powers communities daily, building the infrastructure...



...and depends on **dedicated public service servants** who believe in its transformative power!



...and **delivering critical services and supports** that help communities thrive...



**EVERY
PUBLIC
DOLLAR**
tells a
STORY

The Big Idea: Prioritizing the improvement of vendor prompt payment should be an organizational value and a cornerstone of a strategic, results-driven procurement function, focused on delivering high-quality, reliable services to residents.

Making the Case for Prompt Payment

Strengthening vendor trust and performance

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Open Discussion:

We all know that paying vendors on time is critical for resident services.

What factors influence a governments ability to achieve vendor prompt payments?

Common **Barriers** to Prompt Payments



Imbalances Between Compliance & Efficiency



Complex Backend Legal Requirements



Clunky Technology



Political Dynamics



Cash Flow Challenges



Budget Constraints



Debt Ceilings



Federal/State Reimbursement Delays

What “Good” Prompt Payment Looks Like



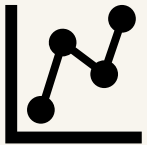
Pay on time, every time. Meet a clear standard (typically 30 days, shorter for SMEs) consistently and predictably.



Set clear expectations upfront. Clearly outline payment terms in contracts & provide how-to guides & materials on your payment process.



Validate invoices quickly. Capture invoices electronically, log them on receipt, and flag any issues early rather than letting them delay payment.



Measure performance. Track invoice metrics & make them accessible and transparent for internal and external stakeholders.



Treat suppliers as partners. Foster a culture where timely payment is standard practice, building trusting and collaborative relationships.

The **Value** of Paying on Time

Strengthens
business-to-
government
partnerships

Increases
competition
& the
delivery of
high-quality
services

Provides better
value for
governments
by securing
better pricing

Supports small
& local
businesses;
enabling them
to manage cash
flow and grow
sustainably

Reduces
administrative
burden and
avoids costly
delays

Late Payments **Add Up** to Real Consequences



Disrupts service
delivery to residents



Increases costs
over time



Damages
public trust

Vendor Payment Health Check

What does your government's vendor payment processes reveal?



GOOD HEALTH

Assessment: *Payments are consistently on time.*

Indicators:

- Contractors focus on delivering work.
- Suppliers compete eagerly for contracts.
- Accounts payable runs smoothly.
- Elected officials hear about project outcomes, not payment complaints.



FAIR HEALTH

Assessment: *Payment performance is mixed.*

Indicators:

- Contractors occasionally follow up on late payments but keep bidding.
- Suppliers compete but price in some risk.
- Accounts payable keeps up through workarounds.
- Elected officials hear occasional complaints.



POOR HEALTH

Assessment: *Payments are chronically late.*

Indicators:

- Contractors voice their frustrations to project managers.
- Payment delays reduce vendor competition.
- Accounts payable staff are inundated with emails.
- Legal teams are left to deal with contractual disputes.

Poll: *Vendor Payment Health Assessment!*



**How would vendors
assess your
organization's
vendor payment
health?**



City of Jackson, Mississippi

Turning payment challenges into progress

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From Payment Delays to Service Disruptions:

A Look into the City of Jackson's Vendor Payment Process

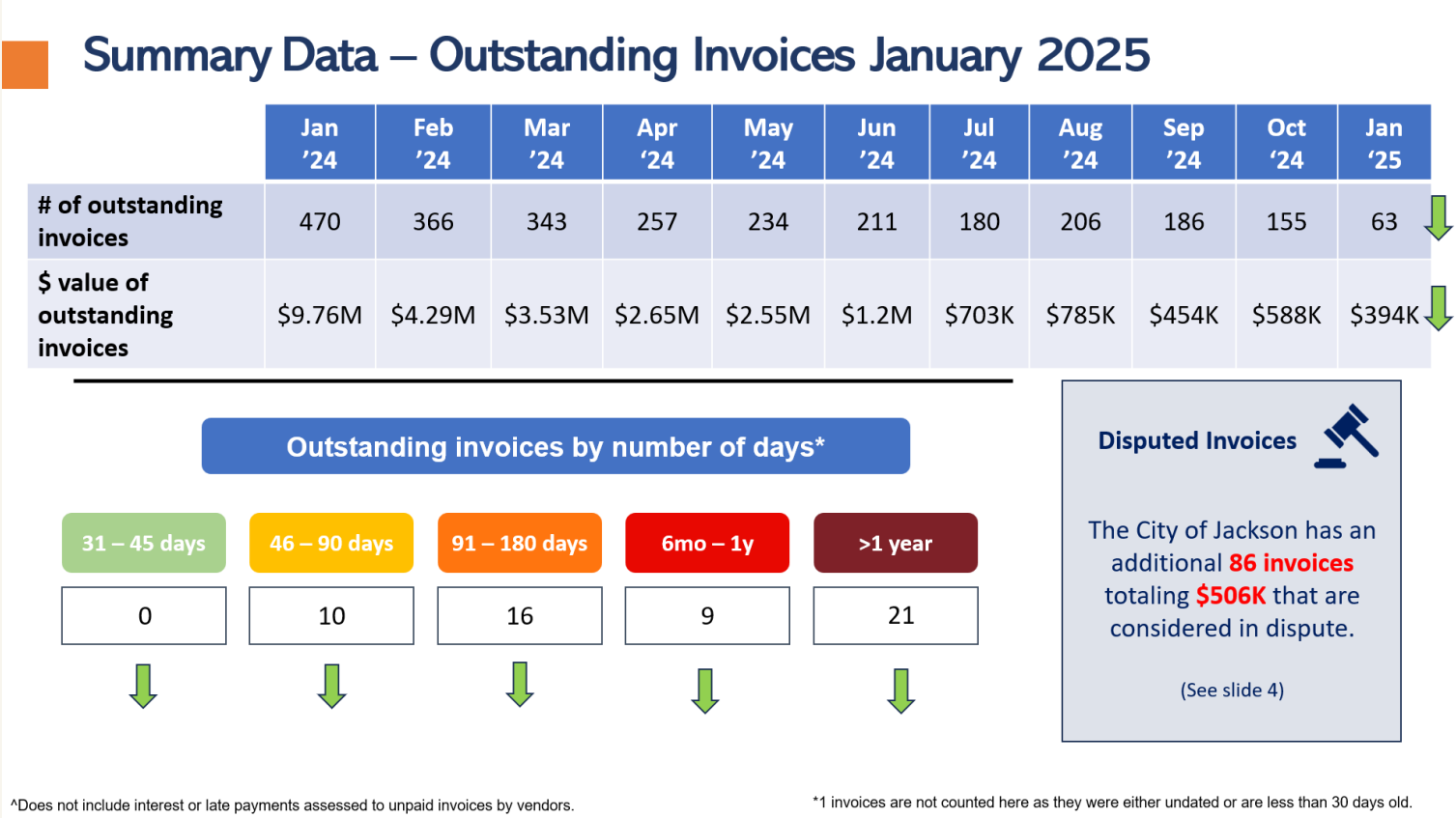


- In September 2023, Jackson's City Council raised concerns about habitually late vendor payments.
- As a result, a contractor ceased work on a high-priority infrastructure project after several months of nonpayment.

Data Discovery: *Reading Between the Numbers*

Challenge

- The Department of Administration lacked visibility into the scope of its vendor payment challenges.
- Vendor invoices were sent directly to departments through decentralized channels.
- Through a robust analysis, they discovered **470 unpaid invoices totaling \$10M.**



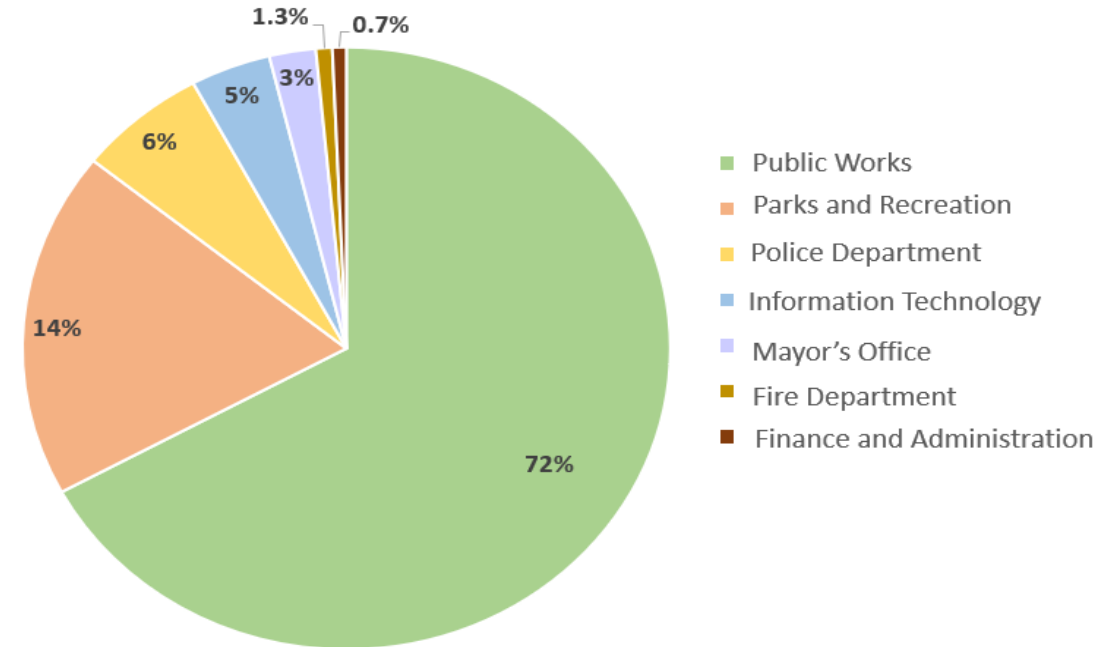
Uncovering the Epicenter of Payment Delays

Investigate

Jackson answered the following questions using process maps, invoice data & interviews:

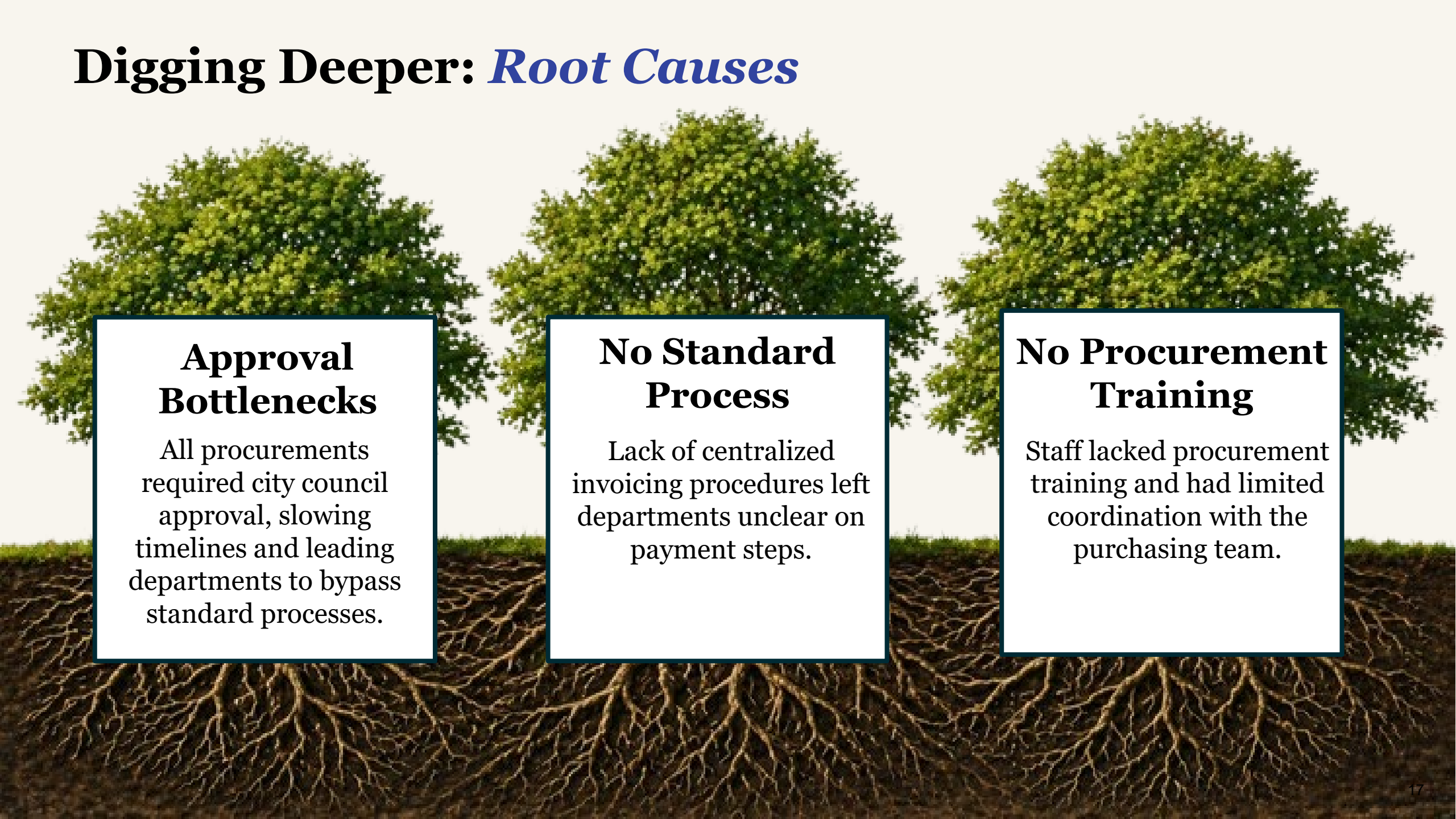
- Are delays concentrated in specific agencies?
- Do certain vendors or contract types experience longer wait times?
- Are issues driven by policy, processes, or system limitations?

Distribution of Outstanding Invoices in US\$ by Department – November 2023



Findings: The public works department accounted for **72% (~\$7.2M)** of all **past-due invoices**.

Digging Deeper: *Root Causes*

The background of the slide features three large, leafy green trees. Below the ground line, their extensive root systems are exposed, spreading across the dark soil. This visual metaphor represents the 'root causes' mentioned in the title.

Approval Bottlenecks

All procurements required city council approval, slowing timelines and leading departments to bypass standard processes.

No Standard Process

Lack of centralized invoicing procedures left departments unclear on payment steps.

No Procurement Training

Staff lacked procurement training and had limited coordination with the purchasing team.

Coordinated Action = *Measurable Change!*

Action

- Established the **Prompt Payment Task Force**, a cross-functional group of staff from public works, legal, finance, budget, procurement, and administration.
- Explored process improvements, mitigated contractual disputes, budgetary shortfalls, and administrative challenges.

Summary – Outstanding Invoices Over Time (Jan ‘24 – Jan ‘25)

Comparative Analysis (# of Invoices)

Month	Total invoices paid (number)	Unpaid invoices (number)
Jan ‘24 – Jan ‘25	21,813	913 (4.19%)
Jan ‘24	1,866	470 (25.18%)
Jan ‘25	2,078	63 (3.31%)

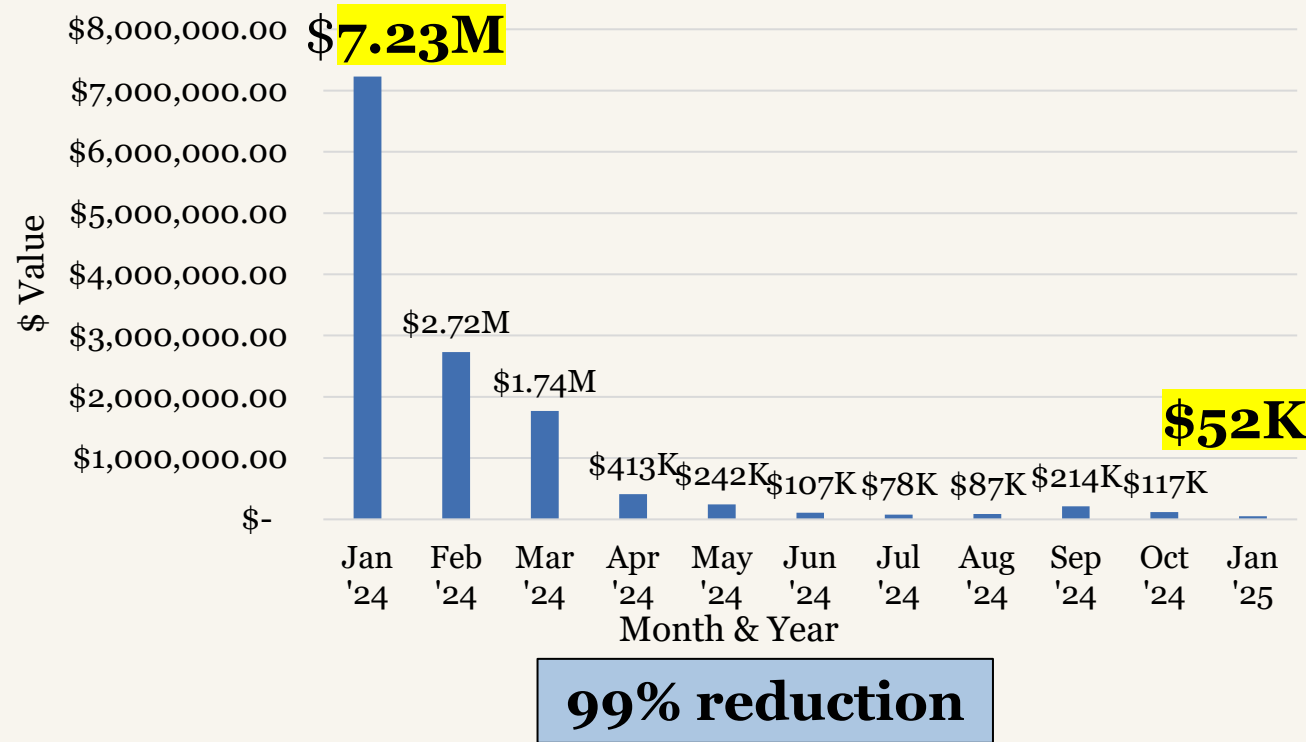
Comparative Analysis (\$ Value of Invoices)

Month	Total invoices paid (\$ value)	Unpaid invoices (\$ value)
Jan ‘24 – Jan ‘25	\$168M	\$11.79M (7.02%)
Jan ‘24	\$23.38M	\$9.76M (41.74%)
Jan ‘25	\$11.92M	\$394K (3.31%)

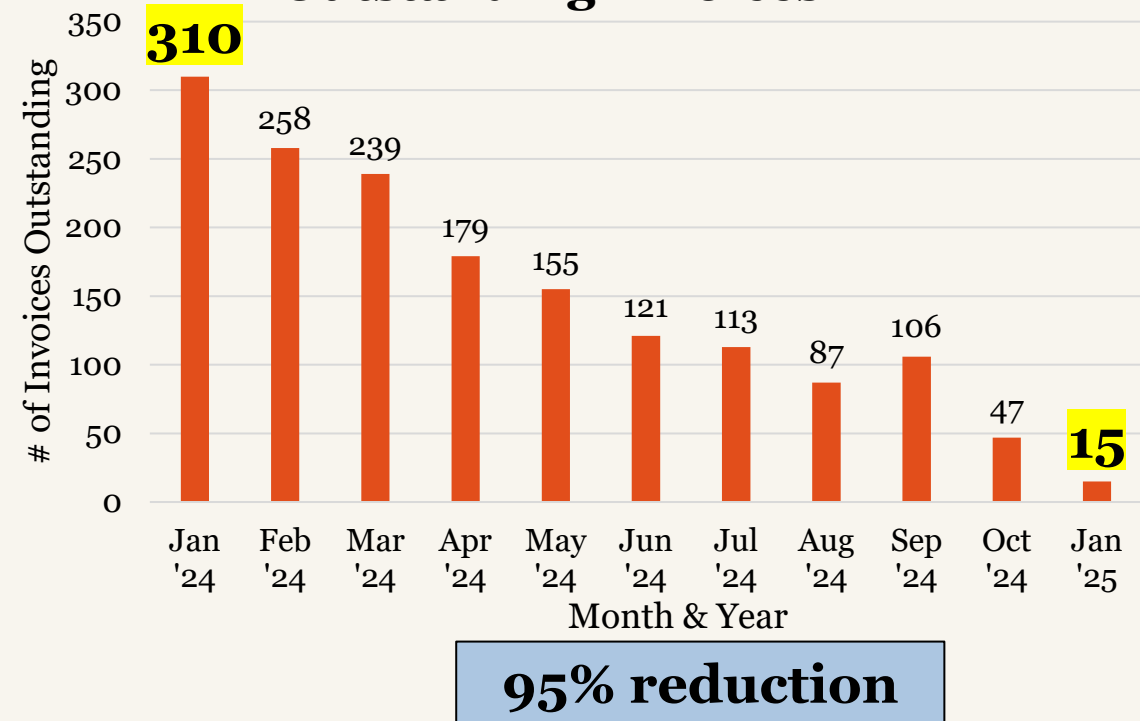
In 3 months, the task force **paid 95% of the outstanding bills!**

Public Works Invoices Snapshot – January 2025

Public Works Department \$ Value of Outstanding Invoices*



Public Works Department # of Outstanding Invoices*

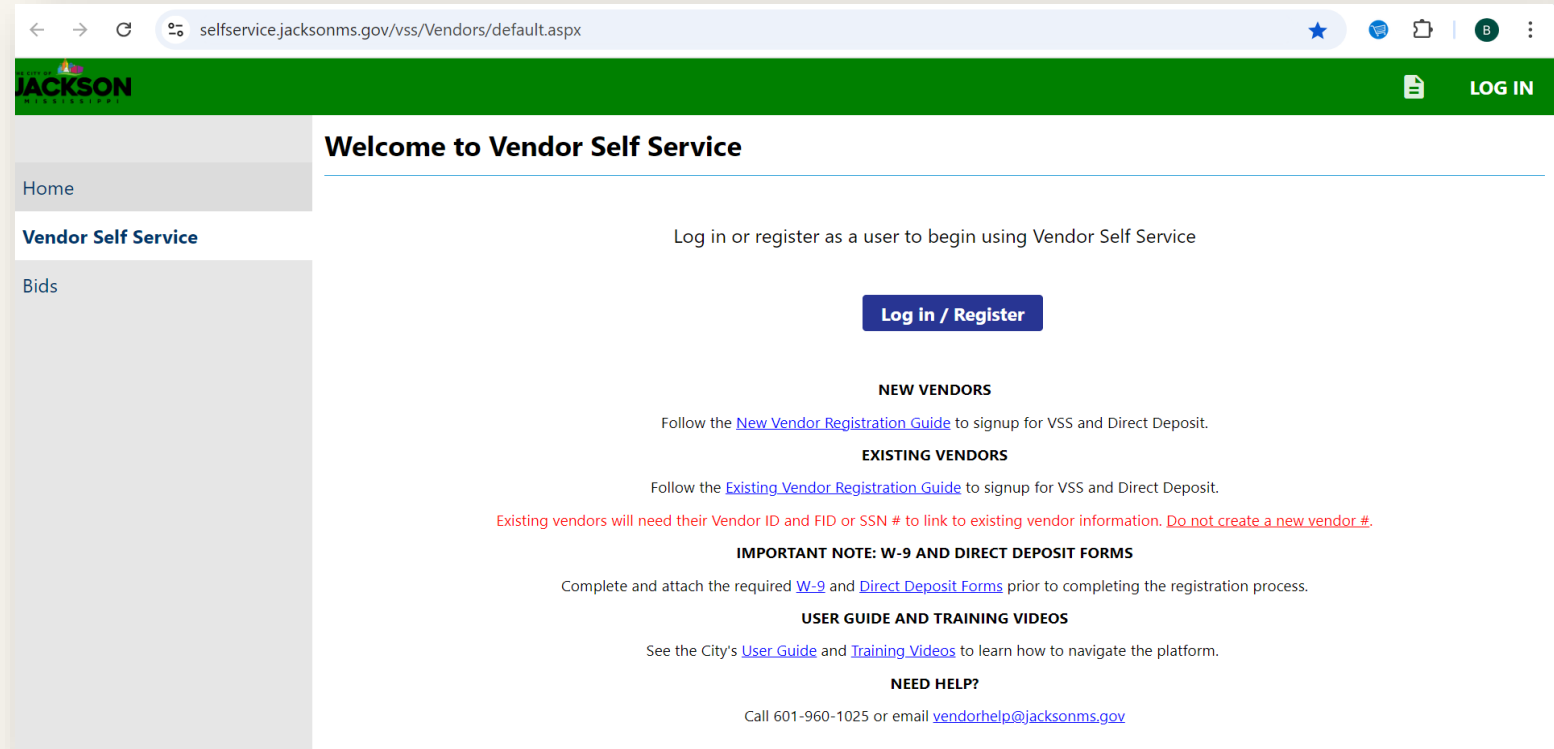


*Data is based on information available to the City of Jackson, Mississippi Public Works Department.

Building Solutions: *Process Improvements*

Vendor Self-service Portal

- Redesigned vendor self-service portal requiring vendors to:
 - Register
 - Enroll in direct deposit
 - Submit invoices online
- Centralized invoice tracking, giving finance staff real-time visibility and alerting leadership to overdue payments earlier.



Building Solutions: *Policy Changes*

Professional services procurement policy

- Established Jackson's first personal and professional services procurement policy with clear standards.
- **Enabled approval of most purchases under \$75K without council vote, cutting cycle times by ~80%** and reducing the need for emergency purchases.



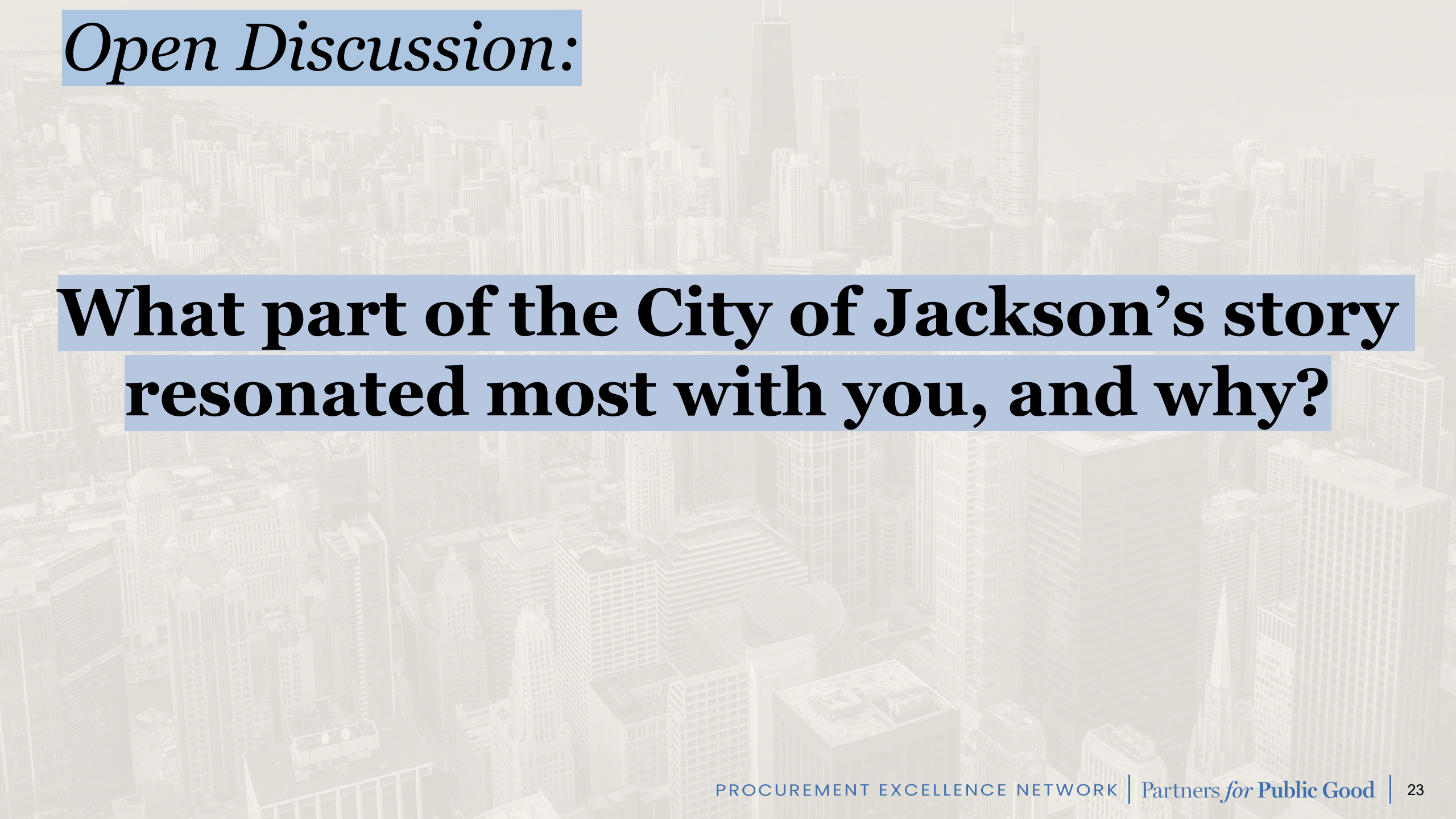
CITY OF JACKSON
PERSONAL AND PROFESSIONAL SERVICES
PROCUREMENT POLICY

Building Solutions: *Capacity Building*

Citywide Procurement Training & Fiscal Oversight

- Trained ~150 city staff on new procurement policies & processes to strengthen coordination across departments.
- **Hired a fiscal operations manager to monitor invoices & payments**



An aerial, high-angle view of a dense city skyline, likely New York City, featuring numerous skyscrapers and buildings. The image is faded and serves as a background for the text.

Open Discussion:

What part of the City of Jackson's story resonated most with you, and why?

3 Steps to Tackle Prompt Payment Challenges

Designing an efficient vendor payment process

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3 Step Prompt Payment Framework



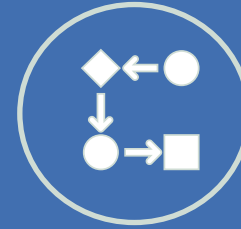
Step #1: Diagnosis

*Use Data to
Understand Your
Late Payment
Problem*



Step #2: Mitigation

*Triage Critical
Late Payments*



Step #3: Workflow Redesign

*Rewire the Payment
Process to Correct
Bottlenecks*



Step #1: **Diagnosis**

Use Data to Understand Your Late Payment Problem

Frame the problem beyond anecdotes

- Increased vendor complaints escalated to leadership
- Contract issues turning into disputes or legal challenges

Start by building a baseline with real data

- Departments, vendors, or contract types with recurring delays
- Recurring approval stalls in the invoice workflow

Communicate your data through visuals

- How will stakeholders understand the problem?
- What solutions are you proposing from the data?



Poll

What types of **payment data are available within your organization?**

Metric
Total #/\$ value of all outstanding invoices
Outstanding invoices vs total invoices paid overtime
Outstanding invoices disaggregated by department or division
Average time outstanding invoices remain unpaid
Average payment cycle for all invoices
Total # /\$ value of unpaid invoices at specific intervals
Outstanding invoices by purchase category & threshold



Step #2: Mitigation

Triage Critical Late Payments

Establish a prompt payment task force

- Include decision-making stakeholders.
- Select staff who will play a role in resolving future payment issues.

Use data to target action where needed

- Pinpoint problem areas causing the greatest disruption.
- Triage late payments that require urgent intervention.

Work through the invoice backlog

- Engage departments to resolve delays and identify invoice stalls.
- Use a government-wide approach to address issues & inform strategies.



Step #3: Workflow Redesign

Rewire the Payment Process to Correct Bottlenecks

Validate the root causes of delay

- Confirm if issues stem from policy, process, staffing, training, technology, and or communication.
- Include both quantitative data and frontline experience.

Implement sustainable improvements

- Address the root causes identified in earlier steps.
- Simplify workflows, clarify roles, and remove unnecessary friction points.

Redesign processes eliminate bottlenecks:

- Align policies, tools, and practices to support timely payments.
- Equip and train staff to follow updated workflows.



Poll:

Which prompt payment solution would have the greatest impact in your organization?

Recommendations to build efficient prompt payment processes:

- 1) Centralize invoice collection**
- 2) Collect, track, and report payment data regularly**
- 3) Forecast and monitor cash flow**
- 4) Create transparent systems**
- 5) Establish reasonable payment approval thresholds**
- 6) Reduce unnecessary documentation**

Key Takeaways: Vendor Prompt Payment

Vendor prompt payment is not just an administrative task; it's **Procurement Excellence in practice!**

Prompt Payment can be a key indicator of the efficiency & health of your government's procurement operations.

When governments consistently pay vendors on time, it creates a ripple effect—giving small and local businesses the confidence to compete, strengthening vendor partnerships, and driving better service delivery outcomes.

Improving prompt payment systems can feel overwhelming. Break it down into 3 steps:

- **Step #1: Diagnosis** - *Use Data to Understand Your Late Payment Problem*
- **Step #2: Mitigation** - *Triage Critical Late Payments*
- **Step #3: Workflow Redesign** - *Rewire the Payment Process to Correct Bottlenecks*

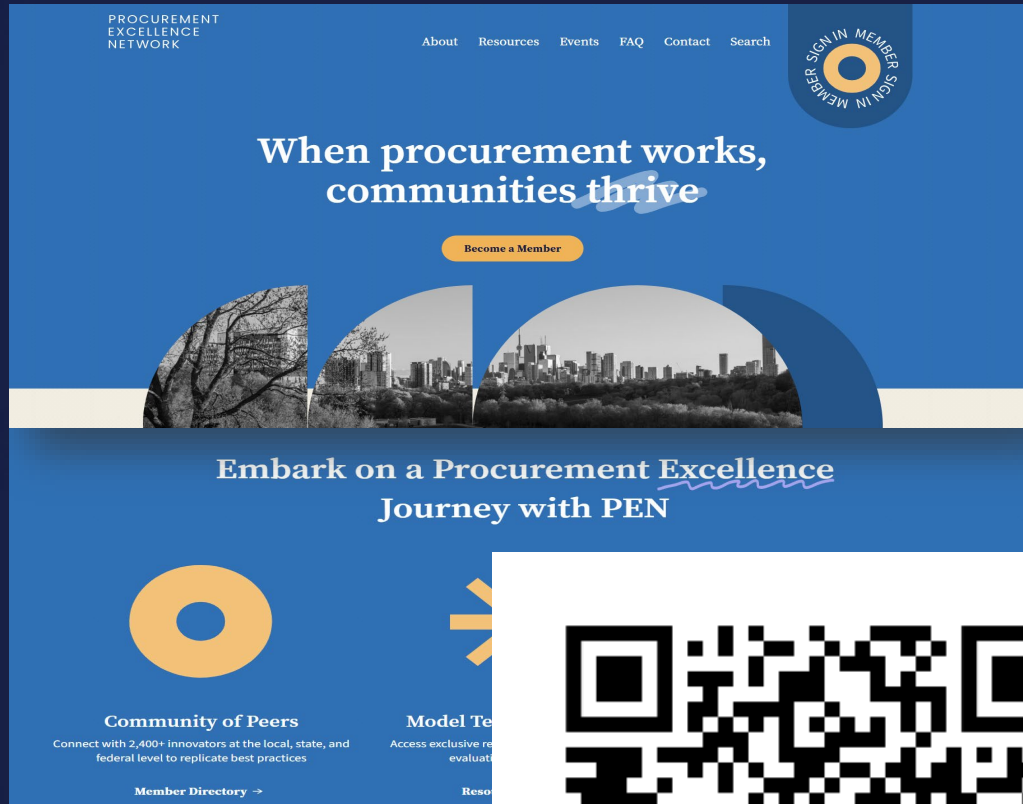
Wrap-up & PEN Announcements

What we learned & next steps

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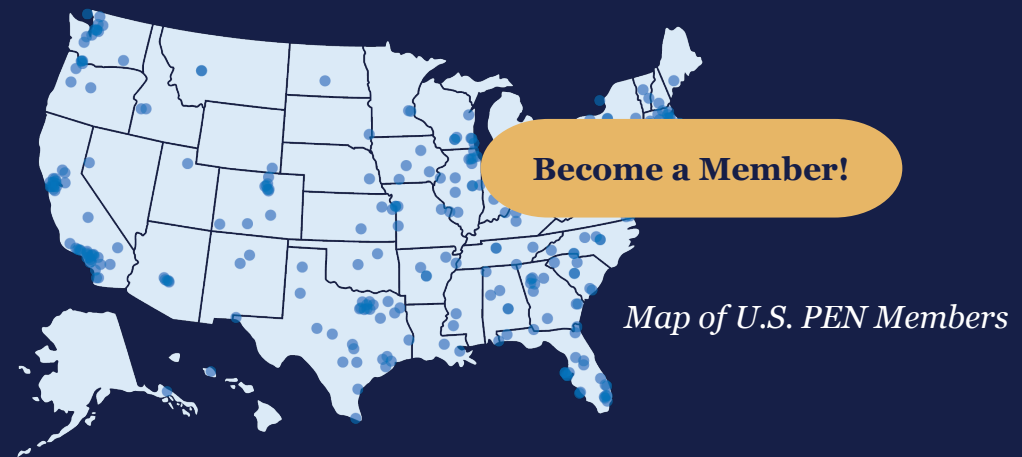
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Procurement Excellence Network: Become a Member!



The Procurement Excellence Network has connected **3,000+ government staff from 1000 unique jurisdictions** to procurement resources, best practices, and community support.

- ✓ Attend monthly **virtual webinars**
- ✓ Access over **80+ resources**
- ✓ Connect with peers in our **Member Directory!**
- ✓ **Community Conversations** Dashboard



Resource: Learn more about the City of Jackson's Story!



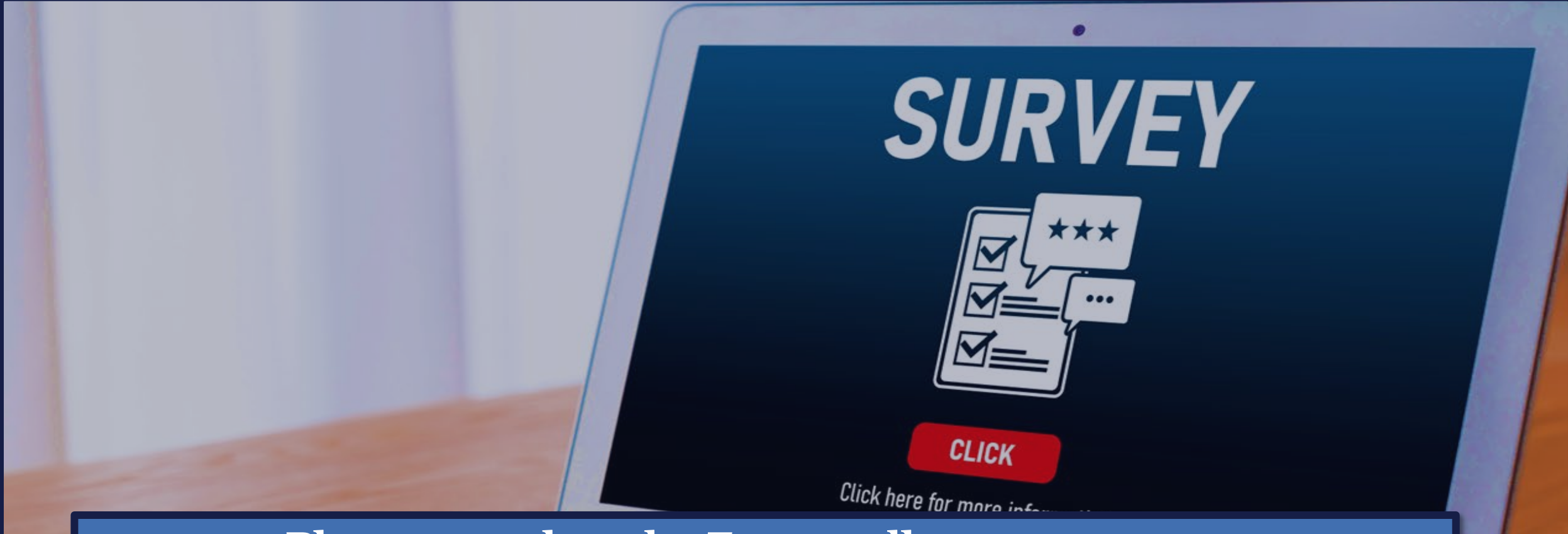
WHAT WILL YOU LEARN FROM THIS QUICK READ?

- How to find and use data to uncover the root causes of chronic late vendor payment.
- How to fix a vendor payment process that isn't working in three steps.
- Helpful prompt payment tips from other local governments.

Is your government experiencing bottlenecks in its vendor payment process or facing other procurement challenges and in need of guidance? Sign up for a **FREE** coaching call with PEN today!

Email us at PEN@partnersforpublicgood.org

Your Feedback Matters: Event Experience Survey

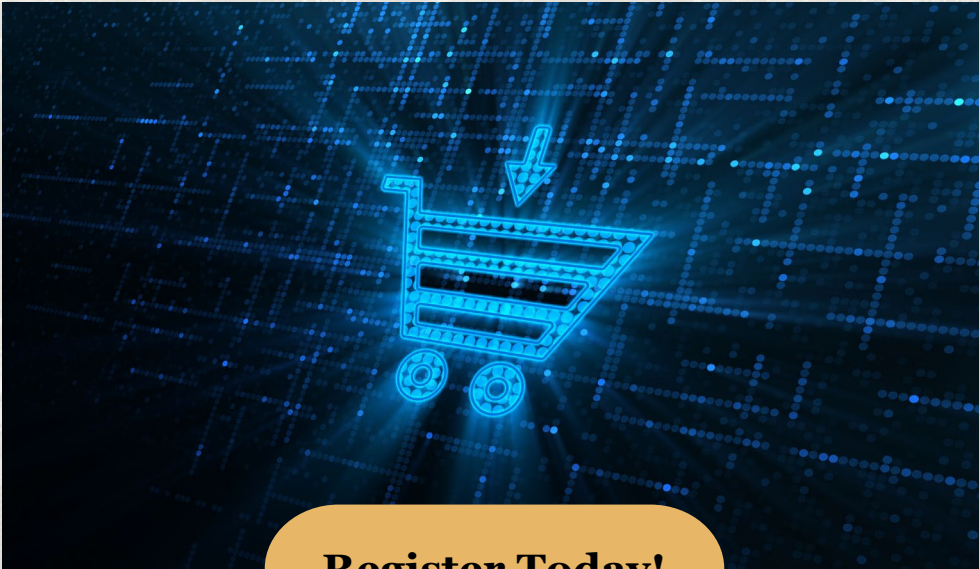


**Please complete the Zoom poll on your screen.
Your feedback is anonymous!**

 *Join us for our next event!*

Purchasing Responsible AI: Balancing Innovation, Risk, & Accountability

Do you have challenges purchasing AI tools that are both innovative and responsible?



Register Today!

As AI tools become embedded in procurement processes, buyers face urgent questions about evaluating these systems for fairness, transparency, and accountability.

This webinar explores practical frameworks for purchasing AI responsibly while still embracing innovation. Attendees will gain actionable strategies for assessing algorithmic risk and building accountability into the acquisition process.

July 22, 2026 | 1:00 PM ET



PEN Prompt Payment Lab: Exploring Ideas for Procurement Reform

Roundtable Consultations Explore Innovation Opportunities in Government

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Post-Event Discussion

Garnering buy-in from finance for vendor prompt payment solutions

Challenge

You're a procurement manager for the City of Cloudlandia, and you are receiving a lot of vendor complaints about late or missing payments.

You are preparing to meet with the Chief Financial Officer to discuss the root causes of these challenges. You are brainstorming **3 potential solutions** for paying vendors promptly.

Vendor Prompt Payment Solutions

Goal: Streamline Workflows

- 1. Centralize invoice collection**
- 2. Collect, track, and report payment data regularly**
- 3. Establish reasonable payment approval thresholds**

Activity: Prompt Payment Strategy Simulation

✓ Centralize invoice collection

✓ Collect, track, and report payment data regularly

✓ Establish reasonable payment approval thresholds

Guidance:

Review the 3 proposed solutions. For each one, consider whether your government has implemented these solutions before.

Zoom Whiteboard Link

Share if your government has implemented these solutions:

- **Green:** strategy is implemented
- **Yellow:** under consideration/unsure
- **Red:** strategy is not implemented

We'll also be exploring common barriers to implementation & strategies to mitigate them.

Brainstorming Strategies: **Solution 1**

Establish reasonable payment approval thresholds

1. **Align approval thresholds** with the size and scale of your government.

Idea: Establish tiered approval limits by department or budget size, enabling big agencies to have larger thresholds than smaller units.

2. **Strengthen oversight** without adding unnecessary approvals.

Idea: Provide a weekly executive report on pending invoices for senior leaders rather than requiring approval for individual invoices.

3. **Set thresholds tactically** by grouping invoices into defined price ranges.

Idea: If you changed your top threshold from \$80K to \$100K, what percentage of your invoices would no longer require approval from your City Manager?

Brainstorming Strategies: **Solution 2**

Collect, track, and report payment data regularly

1. **Track payment data consistently** and prioritize metrics that inform decision-making.

Idea: If a department or agency consistently takes longer to pay, who is notified and when, and what steps are they to take to improve the process?

2. **Standardize access to vendor invoice data** to ensure consistent, reliable use across teams.

Idea: Create SOPs for your government that establishes who is allowed to view invoice data and how they receive access.

3. **Act on insights** by linking key metrics to clear owners and decision triggers.

Idea: Set a clear threshold (# of days an invoice goes unpaid) for when department or agency head is notified about an outstanding invoice.

Brainstorming Strategies: **Solution 3**

Centralize invoice collection

1. **Centralize invoice intake** while maintaining decentralized processing.

Idea: Implement a single intake channel (e.g., inbox or portal) but require departments or agencies to retain oversight for processing invoices.

2. **Define and communicate resolution pathways** for invoice issues.

Idea: Create an escalation guide that outlines who (e.g., finance, legal, purchasing, etc.) handles certain types of common invoice issues and when.

3. **Pair increased access to information** with standard SOPs to avoid confusion about roles and responsibilities.

Idea: Ensuring you control access to invoice data, and pairing that with defined roles and responsibilities, will ensure you don't compile actionless reports.