

## Financial Management Indicator 3

### FM 3: Proportion of invoices paid on time according to established health department policy

#### Why measure this?

This indicator will inform health department leaders about the timeliness with which their invoices are processed and paid. Health department leaders can use this data to determine whether or not invoices are processed and paid in a reasonable timeframe. Timely payments of invoices may contribute to more accurate accounting and budgeting.

**Measurement specifications:** Total number of health department invoices paid on time divided by the total number of health department invoices.

**Reporting period:** Quarterly

#### PHAB Alignment

##### 11.2.3 A: Financial management system

This indicator contributes to the PHAB measures by providing health department leadership information about the timeliness with which their invoices are processed and paid. Health department leaders can use this data to determine whether or not invoices are processed and paid in a reasonable timeframe and identify areas to improve efficiencies.

#### Operational Definition

**Invoices paid on time:** An invoice is a bill prepared by a seller of goods or services and submitted to the buyer. Generally, an invoice contains all pertinent information about the transaction including the date, price, quantity, item number, and credit terms. An invoice can be in either electronic or hard copy form.<sup>1</sup> Each quarter, count the number of health department invoices paid on time according to established health department policy.

**Established health department policy:** According to the health department's predetermined timeframe for processing and paying invoices.

**Quarterly:** This indicator should be reported once every 3 months.

**Possible data sources:** Health department annual budget or financial tracking system.

<sup>1</sup>American Productivity & Quality Center. Available at: <http://www.apqc.org/sites/default/files/files/files/OSBC%20Campaigns/osbc%20glossary%20of%20terms.pdf>