

CITY OF CHICAGO

PROMPT PAYMENT INITIATIVE

The City of Chicago is committed to ensuring that all vendors are paid in an efficient and timely manner for all services rendered and goods delivered. Most importantly for our small, mid-sized, minority- and women-owned businesses, prompt payment is essential to encouraging participation on City projects and to continued business growth. In order to address this need, Mayor Lori E. Lightfoot has directed the City's Department of Finance (DOF) and Department of Procurement Services (DPS) to form a Prompt Payment Working Group to develop a comprehensive set of recommendations to improve the City's payment processes and ensure timely payment to our vendor community.

The Prompt Payment Working Group will build on critical work that is already underway. In August 2020, DOF and DPS developed a pilot program to review existing processes for the City's four major infrastructure departments that manage construction contracts – the Department of Assets and Information and Services (AIS), the Chicago Department of Aviation (CDA), the Chicago Department of Transportation (CDOT), and the Department of Water Management (DWM). The pilot program required that these departments track specifically identified contracts through the payment process, with a focus on the following areas of review:

The areas of review include:

- evaluating and identifying redundancies which cause delays in payments,
- creating standardized city-wide policies to address payment processing time,
- reviewing existing retainage policies;
- evaluating contractual payment terms for opportunities to include compressed timelines for invoice submissions; and
- identifying any other areas that affect and contribute to increased processing times.

Preliminary work identified bottlenecks in two areas, which have already resulted in the implementation of more efficient processes and more frequent distributions. The pilot will continue through April 2021.

In addition to the completion of this pilot program, the Prompt Payment Working Group will examine opportunities for upfront or other alternative payment options; review enhancements to existing payment systems that allow vendors to upload invoice packages into the payment review system; and analyze and develop process improvements to help track and monitor invoices and further streamline payments.

The Working Group will report its recommendations to the Mayor no later than June 30, 2021. Members of the Prompt Payment Working Group include the Chief Procurement Officer, the City Comptroller, staff from DPS, DOF, the Department of Law, and the Mayor's Office, with participation from AIS, CDA, DWM, CDOT, and other operating departments as necessary.