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OFFICE OF INSPECTOR GENERAL

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Audit of the Department of Finance's Payment Timeliness

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Acronyms

DOF	Department of Finance
DPS	Department of Procurement Services
ERP	Enterprise resource planning software
FMPS	Financial Management and Procurement Service software
MCC	Municipal Code of Chicago
MWDBE	Minority, Women, and Disadvantaged Business Enterprises
OIG	Office of Inspector General
PPWG	Prompt Payment Working Group

I | Executive Summary

The City of Chicago Office of Inspector General (OIG) conducted an audit of the timeliness of the City's payments to its contracted vendors. The objective of OIG's audit was to determine whether the Department of Finance (DOF) ensures the City meets its 30-day payment goal by developing and measuring the effectiveness of City payment procedures.

A | Conclusion

Delayed payments to City vendors have long been a source of concern, with four different studies since 2009 noting their adverse impacts and making recommendations for improvement. OIG sought to evaluate the effectiveness of these past efforts by determining the current timeliness of payments to vendors. We found payment processes fragmented and the underlying data inaccurate and incomplete, meaning that neither OIG nor DOF can provide reliable information about the timeliness of vendor payments.

B | Findings

OIG found that the payment and invoice approval data in the City's Financial Management and Procurement Service software (FMPS) is not reliable enough to reach accurate conclusions about contractor payment timeliness. Thus, the City is unable to determine whether it is meeting the 30-day payment goal established by Mayoral Executive Order 2023-14.

In addition, OIG found that because DOF has not fully inhabited its role as the central authority in processing the City's payments, it lacks information necessary to help reduce payment delays. DOF does not measure the success of the programs it launches to improve payment timelines. While the data quality weaknesses make it impossible to say with certainty, there is no indication that the City has eliminated the longstanding problem of delayed payments to its vendors. Such delays negatively impact vendors of all sizes, including Minority, Women, and Disadvantaged Business Enterprise (MWDBE) firms, which tend to be smaller businesses.[1]

C | Recommendations

OIG recommends that DOF develop and distribute written guidance to standardize the use of FMPS across all City departments, and implement policies and procedures for monitoring, analyzing, and correcting payment data. DOF should also correct data errors in FMPS and work with other City departments to resolve the root causes of data inaccuracies moving forward. This work should include, but not be limited to, the implementation of automated controls to prevent inaccurate data entry.

OIG further recommends that DOF fulfill its role of governing payment processes across City departments. DOF should work with the other departments to analyze their invoicing processes, and to identify opportunities to standardize them and reduce the number of steps they require. DOF should also develop metrics to measure the success of its prompt payment initiatives. Finally, DOF should work with the Department of Procurement Services (DPS) to develop and implement a training schedule for finance staff in other City departments.

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[1] Chicago has six certification programs to "provide a level playing field and equal access" for MWDBE firms in City contracts, referred to in aggregate in this report as MWDBE programs.

D | DOF Response

In response to OIG's audit findings and recommendations, DOF stated that it will create a monthly reporting process to monitor, analyze, and correct payment data. This process will include metrics and departmental follow-up. DOF will also create a monthly reporting and review process to evaluate prompt payment initiatives and programs. DOF will follow up with departments to review their invoice review processes and make recommendations when necessary. Finally, DOF stated that DOF and DPS regularly offer FMPS training to City departments and provide individualized training to new staff citywide as needed.

The specific recommendations related to each finding, and DOF's response, are described in the "Findings and Recommendations" section of this report.

II | Background

The Department of Finances' (DOF) mission states, "[o]ne of the cornerstones on which a city's health rests, and a city's future is built, is its finances. The Department of Finance works to ensure a strong financial foundation for the City of Chicago and its residents."[2] DOF identifies "paying [the City's] bills" as a core responsibility within its mission. The City, however, has a long history of delayed payments to contractors (also referred to as "vendors").[3]

Based on City-funded disparity studies, the City is aware that delayed payments not only have a sizable impact on contractors, but also restrict competition by discouraging companies from seeking to do business with the City. The studies found that slow payments significantly impact the economic vitality of businesses with City contracts, and that this effect trickles down to their employees. Moreover, payment delays can disproportionately impact small businesses because they often have limited access to capital. Slow payments can prevent such businesses from making on-time loan and payroll payments, thereby increasing stress for their owners and creating a disincentive for them to seek further work with the City.

> "Slow payment was the number one criticism [by local Chicago businesses] of the City's construction activities. Payment delays discourage [MWDBEs] from seeking to work on City contracts, especially as prime contractors … Fixing the payment problem is the most important administrative improvement the City can make."
>
> – Excerpt of City-funded 2021 disparity study by Colette Holt & Associates

A | City Contractors and the Payment Process

The City of Chicago uses outside contractors to provide many types of services, including "engineering and construction, office supplies, janitorial services, signs, and legal services."[4] Companies that submit a bid and are awarded an entire contract ("prime" contractors) commonly hire other companies ("subcontractors") to perform specific parts of the work. This practice is especially common in construction projects.

Chicago has six certification programs to "provide a level playing field and equal access" for Minority-owned, Women-owned, and Disadvantaged Business Enterprise firms—collectively referred to in this report as MWDBE programs—to compete for City contracts:[5]

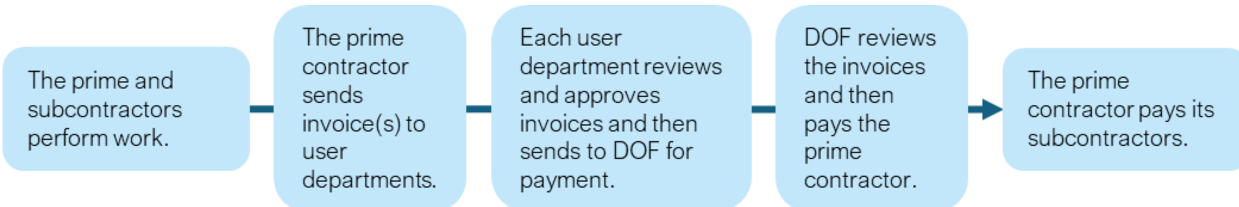
- ACDBE: Airport Concessionaire Disadvantaged Business Enterprise
- BEPD: Business Enterprise Owned by People with Disabilities
- DBE: Disadvantaged Business Enterprise
- MBE: Minority-owned Business Enterprise
- VBE: Veteran-owned Business Enterprise

[2] City of Chicago Department of Finance, "Mission," accessed October 8, 2025, https://www.chicago.gov/city/en/depts/fin/auto_generated/fin_mission.html.
[3] The City uses the terms "vendor" and "contractor" interchangeably.
[4] City of Chicago Department of Procurement Services, "Doing Business with the City of Chicago," accessed October 8, 2025, https://www.chicago.gov/city/en/depts/dps/provdrs/contract/svcs/DPSOverview.html.
[5] City of Chicago, Municipal Code (MCC), § 2-92-660.

- WBE: Women-owned Business Enterprise

Subcontractors are often MWDBE firms. The City's standard contract language requires prime contractors to pay their subcontractors within seven days of receiving payment themselves. Prime contractors work directly with City departments to perform work and request payment. A variety of processes followed by those user departments and DOF affect how quickly contractors are paid for their work.[6] DOF, however, is ultimately responsible for issuing payments and monitoring the timeliness of payments.

Figure 1: User Departments are Responsible for Reviewing Invoices Before DOF Issues Payment



Source: DOF's description of the general payment process.

DOF is responsible for "the timely and accurate processing of invoices, reimbursement requests, and disbursement of funds to vendors for goods and services provided to the City of Chicago."[7] The Municipal Code of Chicago (MCC) endows the Comptroller with the power and duty to "exercise general supervision over all officers of the City charged in any manner with the receipt, collection or disbursement of the City revenues."[8] The Comptroller is further authorized to monitor and perform risk assessments of City departments; review the performance of government functions and programs in order to detect and prevent noncompliance; recommend appropriate corrective action, including the development of compliance plans, education, and training; and assess and provide advice regarding compliance controls incorporated in City departments' policies and procedures.[9] As discussed below, in 2023, the Mayor's Office directed DOF to develop procedures for all City departments governing all aspects of contract payment processing, including the administration of the City's accelerated and advance payment programs.[10]

Invoice and Payment Tracking

DOF and user departments use the City's Financial Management and Purchasing System (FMPS) software to track and approve invoices. However, the City does not currently have a single software system capable of tracking the time that elapses between the receipt of an invoice and its payment. Each user department has its own software system (and, in some instances, multiple software systems) for invoicing, which may or may not interface with FMPS. Once each user department enters approved invoice information into FMPS, DOF uses FMPS to approve payments and track timeliness.

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[6] "User department" refers to the City department that hired a company to complete work. For example, if the Department of Water (DWM) hired a contractor to complete sewer work, DWM would be the user department.
[7] City of Chicago Department of Finance, "Accounts Payable," accessed October 20, 2025, https://www.chicago.gov/city/en/depts/fin/provdrs/AP.html.
[8] MCC § 2-32-010.
[9] MCC § 2-32-205.
[10] Accelerated payment programs are designed to pay contractors who meet certain requirements faster once the contractor has completed its work. Advanced payment programs are designed to pay contractors before they complete work.

FMPS and user departments' systems will be impacted in coming years by the transition to a new Citywide enterprise resource planning (ERP) platform. This technology is intended to replace many of the City's core software systems in DOF, the Office of Budget and Management, and the Departments of Human Resources, Fleet and Facility Management, Technology and Innovation, and Procurement Services.

B | Payment Timeliness Goals

Although the City's standard contract language allows it to pay invoices within 60 calendar days, since 2023, the City has had a goal of making all payments to contractors within 30 days of receiving complete and accurate invoices.[11] This 30-day goal was established in May 2023 by a Mayoral Executive Order partnered with a "Prompt Payment Policy" memorandum from DOF. The Johnson administration confirmed the City's continuing commitment to the goal via memoranda from DOF to all other departments on November 1, 2023, and April 30, 2024. Figure 2 provides a summary of these statements.

Figure 2: The City's 30-day payment goal was established by the previous mayoral administration and confirmed by the current mayoral administration.

"Whereas, in recent years, the City of Chicago has prioritized a more inclusive and equitable approach towards contracting to counter decades of disinvestment in communities across the City and continuing disparities in market participation by minorities and women in the wider economy; and [. . .]

"Whereas, ensuring prompt payment of all City vendors is vital to the economic vitality of City vendors and the economy of the City of Chicago as a whole, and will incentivize more companies to consider future bid opportunities with the City; and

"Whereas, to improve the timeliness of City payment to vendors [. . .] I, Lori E. Lightfoot, Mayor of the City of Chicago, do hereby order [. . .]

"To ensure that all vendors are paid promptly, the Comptroller is directed to develop procedures governing all aspects of payment processing to City vendors for all City departments **with a goal of issuing all vendor payments within 30 days of the receipt of a completed, accurate invoice** [. . .]."

- Mayoral Executive Order 2023-14, May 12, 2023

"At the direction of Mayor Lightfoot under Executive Order 2023-14, [DOF] and [OBM] have been tasked with developing procedures to ensure that vendor invoices are processed efficiently and expediently so that vendors are paid **within 30 days** of a receipt of a completed, accurate invoice [. . .]."

- DOF Memo to All Departments, May 12, 2023

Mayor Johnson was sworn in on May 15, 2023

"Pursuant to Executive Order (EO) 2023-14 [. . .], the Comptroller is directed to develop Prompt Payment Procedures for all City Departments, which govern aspects of payment processing to City vendors with a goal of issuing all payments **within 30 days** of the receipt of a complete, accurate invoice."

- DOF Memo to All Departments, November 1, 2023

"In accordance with Executive Order (EO) 2023-14 [. . .], City Departments are expected to continue to follow the Prompt Payment Procedures below [. . .]. This process must align with the **30-day goal** [. . .]."

- DOF Memo to All Departments, April 30, 2024

Source: Mayoral Executive Order 2023-14 and related DOF-issued memorandums.

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[11] The Illinois Local Government Prompt Payment Act, 50 ILCS 505, requires local entities to pay contractors within 30 days after the approval of a bill for goods or services received, and pay interest penalties when late. However, in July 1987, the City exercised its home-rule authority to exempt itself from this state law. See Journal of the Proceedings of the City Council of the City of Chicago, Illinois, July 29, 1987, 2553, accessed October 8, 2025, https://chicityclerk.s3.us-west-2.amazonaws.com/s3fs-public/document_uploads/journals-proceedings/1987/072987.pdf.

C | Prompt Payment Studies, Programs, and Initiatives in the City of Chicago

Periodically, the City revisits the question of whether to continue administering its MWDBE program. The answer depends on the outcomes of independent reviews (generally referred to as disparity studies) addressing whether the remedial purposes of the MWDBE ordinance have been fully achieved. Since 2009, the City has commissioned three disparity studies to inform the decision whether to renew the MWDBE ordinance or let it expire. Each time, based on the study, the City renewed the ordinance.[12] The three studies specifically made recommendations concerning how the City could address the issue of delayed payments.[13]

Separately, in 2021, the City convened a Prompt Payment Working Group, comprising representatives of multiple City departments, as well as a *pro-bono* consultant. The group was "tasked with analyzing current payment processes and developing recommendations to streamline and accelerate payments to City contractors [. . .]."[14] The Prompt Payment Working Group's recommendations align with those in the previous disparity studies.

The disparity studies and report of the Prompt Payment Working Group identified slow payments as concerning to City contractors and included recommendations for improvement. Figure 3 summarizes the main findings of these four reviews.

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[12] MCC § 2-92-780

[13] David G. Blanchflower, "Report on the City of Chicago's MWBE Program," June 10, 2009, accessed June 22, 2025, https://www.chicago.gov/dam/city/depts/dps/Certification/BlanchflowerReport/chicago_sunset_final_report_june_10th_2009.pdf. David G. Blanchflower, "An Evaluation of the City of Chicago's Minority- and Women-Owned Business Program in Construction," December 3, 2015. The City has not made this second report publicly available. Colette Holt & Associates, "City of Chicago Disparity Study for Construction Contracts 2021," accessed June 22, 2025, https://www.chicago.gov/content/dam/city/depts/dps/Outreach/City%20of%20Chicago%20Disparity%20Study%20for%20Construction%20Contracts%202021.pdf.

[14] City of Chicago Prompt Payment Working Group, "City of Chicago Prompt Invoice Payment Initiative Report of the Prompt Payment Working Group," July 29, 2021, accessed June 22, 2025, https://www.chicago.gov/content/dam/city/depts/fin/supp_info/PromptInvoicePaymentInitiative/Prompt_Payment_Working_Group_Final_Report_June_%202021.pdf.

Figure 3: Reviews Consistently Found Slow Payments were a Concern for Chicago Contractors

2009
"Report on the City of Chicago's MWBE Program"

- "Prompt pay to MW[D]BE subcontractors is a key program to strengthen and grow successful MW[D]BEs."
- "[…] improving the City's reputation for slow payment […] is a significant race neutral measure that we recommend."

2015
"An Evaluation of the City of Chicago's Minority- and Women-Owned Businesses Program in Construction"

- "[…] the [MWDBE] firms were adversely impacted by payment delays during the construction process […]."
- "The evidence indicates that many prime contractors, perhaps most, are unwilling to pay subcontractors before being paid themselves […]."

2021
"City of Chicago Disparity Study for Construction Contracts 2021"

- "There was universal agreement [among MWDBE participants] that the City pays way too slowly, negatively impacting all firms. […] Payment delays discourage [MWDBEs] from seeking to work on City contracts, especially as prime contractors."
- "To continue to narrowly tailor [Chicago's MWDBE program], we make the follow major recommendations: […] Fix the slow payment problem."

2021
"Prompt Invoice Payment Initiative, Report of the Prompt Payment Working Group"

- "Chronically slow payments can disrupt the ability of vendor to operate and can even become barriers to participating in City procurement projects and contracts."
- "[…] the PPWG makes a series of recommendations in this Report that could reduce the time it takes to pay City invoices by, on average, half in many cases, with a goal of payment all invoices within 30 days."

Source: Excerpts from each of the cited studies.

The City has known about and attempted to address the problem of lengthy payment delays since at least 2005, when it launched an initial Prompt Payment Initiative. In the ensuing 20 years, the City has attempted to speed up payments to vendors via technology and process improvements. Figure 4 summarizes the various City initiatives to alleviate payment delays, including activities in response to Executive Order 2023-14. The current status of these programs is discussed further in Finding 2.

Figure 4: The City Has Introduced Multiple Programs Since 2005 to Address Slow Payments

2005

The City launches a Prompt Payment Initiative.

2010

The City announces and, throughout 2011, implements Centralized Invoice Processing (CIP) to centralize most data entry and invoice processing within DOF, and improve payment timeliness, among other expected benefits.

2017

The City announces two online systems (eProcurement and iSupplier) to make it easier for contractors to submit bids and track payments.

2020

- Former Mayor Lightfoot launches the Prompt Payment Working Group (PPWG) and another Prompt Payment Initiative to assess the City's payment processes. The PPWG is made up of staff from DOF, DPS, and a pro bono contractor.
- DOF begins using American Rescue Plan funding to launch Advanced Mobilization Payments (AMP), Expedited Reimbursements, and Expedited Disbursements for certain categories of grant-funded projects.

2021

- PPWG issues a report which details invoicing concerns in the City's infrastructure departments and includes recommendations to streamline processes and improve reporting for the City's construction contracts.
- DOF launches three additional initiatives to improve payment timeliness: "Paperless Vendor Invoicing" and "Paperless Vendor Payment" to encourage electronic payments and invoice processing, and the search for a third-party administrator for construction contracts "tasked with implementing more efficient processes and more frequent check distributions."

2022

- The City abandons the goal of implementing PPWG's 2021 recommendations.
- DOF requests proposals for a third-party administrator but cancels the solicitation within five months after receiving only one bid.
- DOF creates formal policies and procedures for AMP.

2023

- Executive Order 2023-12 formalizes AMP.
- Executive Order 2023-14 reinforces the need for prompt payment programs and includes requirements for Citywide prompt payment procedures and other MWDBE goals. In tandem, DOF:
    - Issues a memo to all departments clarifying proper invoice processing steps to aid prompt payments.
    - Issues a "Prompt Payment Procedures" memo requiring all departments to align their invoice processes with the City's 30-day goal.
    - Launches a "50/50 Payment Pilot" with a small number of contractors.
    - Begins considering a "Fast Track" pilot to replace its third-party administrator program.

2024

- DOF issues various memos affirming the previous administration's 30-day invoice payment goal.
- DPS and DOF provide FMPS training for user department financial staff.
- Mayor Johnson's "Cut the Tape" initiative describes, among other things, the City's intention to expand its cash advance payment pilot and create an online "City Wallet" program.

Source: Various City documentation, including disparity studies and prompt payment initiatives. See Appendix A.

III | Objective, Scope, and Methodology

A | Objective

The objective of the audit was to determine whether DOF ensures the City meets its 30-day payment goal by developing and measuring the effectiveness of City payment procedures.

B | Scope

The scope of the audit included City programs designed to address payment delays between 2005 and 2024. Due to data limitations, OIG was unable to analyze the timeliness of payments to City contractors.

C | Methodology

To understand the City's payment policies, invoice processes, data systems, and prompt payment initiatives, OIG interviewed DOF leadership, as well as management and staff in DOF's Cash Management, Grant and Project Accounting, and Information Services divisions. OIG also interviewed an independent contractor who worked with the City on its prompt payment initiatives. To further understand the experiences of departments participating in the City's 50/50 pilot program, OIG interviewed management in the Departments of Water Management, Aviation, and Transportation. OIG also reviewed written policies, press releases, and available documentation.

To determine whether DOF met the requirements of Executive Order 2023-14, OIG interviewed DOF management, and reviewed memos and procedures shared by DOF with City departments. OIG also attended a training session for City financial staff conducted by DPS and DOF staff. To further evaluate the City's progress on fulfilling the Executive Order, as well as its procurement software, equity programs, and the status of the ERP system, OIG interviewed management and staff in DPS's Office of Contracting Equity; Procurement; Application Support; Shared Administrative Services; and Bid & Bond divisions.

To understand the impact of slow payments on City MWDBE businesses, OIG conducted interviews with two local business advocacy groups supporting Black contractors and women-owned businesses. OIG also interviewed a consultant with many years of industry experience supporting Hispanic small businesses and contractors. OIG interviewed Colette Holt, the author of the *City of Chicago Disparity Study for Construction Contracts 2021*, about the study's results and the underlying interviews with MWDBE contractors. Finally, OIG reviewed the City's own statements of equity impacts in public documents, including executive orders and webpages.

To evaluate the integrity of the City's invoice data, OIG interviewed and conducted walkthroughs with management and staff of DOF's Cash Management division focusing on FMPS data fields, as well as the system's entry and reporting processes. To assess the reliability of the City's invoice data, OIG downloaded the data, applied DOF's filtering and calculation process, and identified the extent and nature of inaccuracies.

D | Standards

OIG conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that OIG plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for its findings and conclusions based on its audit objectives. OIG believes that the evidence obtained provides a reasonable basis for its findings and conclusions based on its audit objectives.

E | Authority and Role

The authority to perform this audit is established in the MCC § 2-56-030, which states that OIG has the power and duty to review the programs of City government in order to identify any inefficiencies, waste, and potential for misconduct, and to promote economy, efficiency, effectiveness, and integrity in the administration of City programs and operations.

The role of OIG is to review City operations and make recommendations for improvement.

City management is responsible for establishing and maintaining processes to ensure that City programs operate economically, efficiently, effectively, and with integrity.

IV | Findings and Recommendations

Finding 1: DOF cannot accurately calculate payment timeliness because the City's data is inaccurate and unreliable.

DOF management stated that the City's invoice and payment data is flawed – primarily because date fields are entered inconsistently or incorrectly. The City has been aware of errors in its invoice and payment data at least since 2007,[15] but has not implemented procedures to address the causes.[16] Thus, the City cannot determine whether it meets its goal of making all payments to contractors within 30 days of receiving complete and accurate invoices.

To create a "rough estimate" of payment timeliness for each department or Citywide, a DOF staff member downloads and manipulates FMPS payment data approximately every month. This process is not written down and can vary. This process includes:

1. downloading FMPS payment data into a report;
2. filtering out certain types of invoices, such as delegate agency payments, lease or rental payments, payroll, and invoices with no paper invoice or receipt;
3. manually manipulating the remaining data to edit or remove certain dates that appear erroneous; and finally
4. calculating an average payment time based on the filtered and manipulated data.

DOF management stated that the resulting average is intended as a "rough estimate" of how long the City and its departments take to pay invoices compared to the 30-day payment goal. Despite considering the data as a rough estimate, DOF shares payment timeliness information with City Council and the public without noting its limitations.

[15] OIG obtained a KPMG report on Invoice Processing Analysis. The report states, "In January 2007, the City engaged KPMG to assist the Internal Audit Department to review the efficiency of the City's invoice processing. KPMG was then asked in March of 2007 to take a more detailed look at a sample of invoices where certain invoice processing milestone dates match." Results of this analysis largely align with OIG's findings.

[16] OIG intended to independently calculate the City's average payment time. But, following the U.S. Government Accountability Office's guidance for assessing data reliability, OIG determined the City's data was not reliable. Thus, it could not be used to support conclusions regarding average payment time. U.S. Government Accountability Office, "Assessing Data Reliability," December 2019, accessed June 22, 2026, https://www.gao.gov/assets/gao-20-283g.pdf.

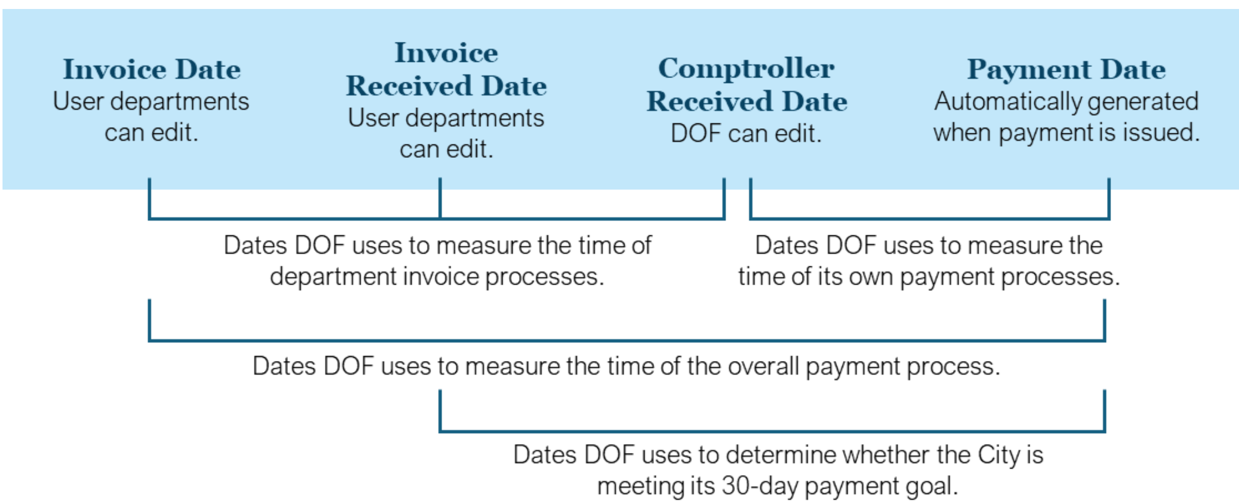
A | Data errors include date fields that are blank, out of chronological order, or future-dated.

Although DOF's process allows it to identify some data inaccuracies—for instance, some of the errors in the City's payment data may be attributable to certain types of contracts or invoices—the process could obscure other impactful errors.[17] DOF relies on four principal date fields in FMPS:

- Invoice Date: The date on the vendor's invoice.
- Invoice Received Date: The date the user department confirms the invoice as complete and accurate.
- Comptroller Received Date: The date DOF receives a complete and accurate invoice from the user department.
- Payment Date: The date the City pays the vendor.

DOF uses these fields to measure the time it takes for a) user departments to process invoices, b) DOF to review and process invoices, and c) the City to pay its invoices. The accuracy of these measurements therefore depends on the accuracy of the underlying data. Figure 5 illustrates the components of payment timeliness measured by DOF.

Figure 5: DOF Uses Various Combinations of Date Fields in FMPS to Measure Payment Timeliness



Source: OIG visualization based on interviews with DOF.

The Invoice, Invoice Received, Comptroller Received, and Payment dates fall in chronological order, and should be reflected as such within FMPS and DOF's monthly reports. However, FMPS allows users to enter blank date fields, dates in non-chronological order, and dates that had not yet occurred ("future dates"). For example, OIG applied DOF's data filtering process to the first six months of 2024 (January 1 to June 30), resulting in about 82,000 rows of payment data, and found that in the remaining filtered data there were,

[17] For example, DOF filters out delegate agency payments, lease or rental payments, payroll, and items inputted directly into FMPS (i.e., invoices with no paper invoice or receipt).

- almost 400 rows of payment data with at least one of these dates out of order;
- 35 rows with at least one date outside of the date range of the report; and
- 10 rows with missing dates.

While these errors represent a small percentage of payments overall, they appear across various fields, are unpredictable, and require manual correction. Attempting to correct these errors is labor intensive and sometimes cannot be fixed in the underlying data. Errors like these persist for several key reasons.

- When possible, the DOF staff member edits erroneous date fields in FMPS. These edits must be done manually, which is time consuming. To ensure they are correct, the DOF staff member needs to confirm each date with the relevant user department or, in the case of Comptroller Received Dates, search through emails to determine when DOF actually received the invoice. However, some dates recorded in FMPS to calculate timeliness permanently remain inaccurate. This creates a situation where the date would need to be manually corrected each time DOF downloads a report from FMPS.
- User departments complete FMPS date fields inconsistently, leading to unreliable data. For example, some user departments do not fill the Invoice Date field with the date from the actual invoice; instead, they enter the date they received the invoice into both the Invoice Date and the Invoice Received fields. As a result, DOF cannot be confident that the dates entered reflect the actual invoice or invoice received dates and must make a judgment as to which date should be used.
- DOF lacks a consistent method for documenting and communicating observations about inaccuracies to user departments. The DOF staff member stated that they make mental notes of common issues when reviewing the monthly reports, but do not document these issues or notify user departments of them.
- DOF does not have a written process for filtering and manipulating its monthly reports. This leads to the risk of DOF inconsistently removing, filtering out, or editing fields from month-to-month. Additionally, DOF management responsible for reviewing timeliness did not understand how the particular staff member who produced the report actually manipulated the data.

B | DOF's public reporting of rough estimates of payment timeliness does not acknowledge the data limitations.

The topic of payment timeliness regularly comes up in public budget hearings before City Council. In the 2024, 2025, and 2026 hearings, DOF provided payment timeliness averages either in its opening statements or in response to aldermanic requests without describing what the referenced time frame meant in practical terms, or the fact that DOF thinks its data is unreliable.

- **2024:** In response to inquiries from Council members, DOF stated that the City paid vendors in 120 days, or 4 months. (This likely represents the time that the invoice was with the user department and DOF.)
- **2025:** DOF's opening statement asserted that the "average payment processing time [was] . . . seven business days." (This likely represents the time the invoice was with DOF.) The department also referenced "areas of improvement" whereby it was "seeking to get ALL

PAYMENTS under [its] goal of 30 days."[18] (This likely represents the time that the invoice is with the user department and DOF.)

- 2026: DOF's opening statement asserted that it had "slashed payment turnaround times from five days to just two, ensuring our vendors and nonprofits [were] paid swiftly and [could] continue delivering vital services to our communities."[19] (This likely represents the time the invoice was with DOF.)

Without reliable data and clearly communicated, standardized performance measurement tracking, Council and the public may not be aware of the limitations of the measurements reported in budget hearings.

The City is in the process of upgrading to a new enterprise resource planning software (ERP) that will replace FMPS and other key City databases. The City recently selected the ERP contractor, but there is no target date for launching the new system.

| Recommendations

1. DOF should provide City departments with guidance clearly defining how to use each FMPS field and maintain the guidance in a manner that allows easy access for reference.
2. DOF should create and implement policies and procedures for monitoring, analyzing, and correcting payment data.
3. As the City moves to the new ERP system, DOF should:
   a. Create a data dictionary defining the purpose and use of all fields.
   b. Ensure the software includes data entry controls that prevent omitting dates, entering dates out of order, and entering dates outside of the date range of the reports.

| Management Response[20]

1. *"DOF and DPS have been providing annual FMPS training, open to all departments, since 2024. This training details the step-by-step process and is recorded for future reference. The content is reviewed and updated based on changes and feedback and DOF will continue to update training as future changes are implemented. DOF also provides one on one training for new departments and new staff as needed.*

2. *"DOF plans to create and implement a monthly reporting and review process that will include metrics and follow-up with departments.*

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[18] Emphasis DOF's. City of Chicago Office of Budget and Management, "Statement from Comptroller Chasse Rehwinkel on the 2024 Budget Proposal to the City Council Committee on Budget and Government Operations," November 2024, accessed June 22, 2025, https://www.chicago.gov/content/dam/city/depts/obm/supp_info/2025Budget/2025BudgetOpeningStatements/DOF%20Statement%20Opening%20Statement.pdf.

[19] City of Chicago Office of Budget and Management, "Department of Finance | Comptroller Michael Belsky FY26 Budget Hearing | October 21st, 2025," October 2025, accessed June 22, 2025, https://www.chicago.gov/content/dam/city/depts/obm/supp_info/2026Budget/HearingStatements/OpeningStatements/Comptroller%20&%20CFO%20Opening%20Statement_Fy26%20Budget_Final.pdf.

[20] DOF provided a supplemental response in the form of a letter, see Appendix B.

3. *"DOF will review the ERP system training documents to ensure all fields are defined for purpose and use and will work during ERP development and implementation to ensure that there are appropriate controls within the software."*

Finding 2: DOF has not fully inhabited its role as the central authority in processing the City's payments and DOF's prompt-payment programs and initiatives lack the consistent monitoring necessary to achieve meaningful improvement.

DOF has not fully embraced its responsibility to serve as the central authority for processing City payments, nor has it fulfilled all the requirements of Executive Order 2023-14. Although the City has undertaken multiple prompt payment initiatives since at least 2005, it lacks consistent approaches to alleviate the issues repeatedly identified in disparity studies performed by outside contractors, as well as internal City initiatives and feedback from vendors. These issues include inconsistent practices across departments, burdensome document and signature requirements, lack of training for user departments, lack of monitoring and oversight, and understaffing. Delayed payments on City contracts contribute to a lack of trust in Chicago government, negatively impact contractors, and are a persistent topic of community concern.

A | DOF has not met all the requirements of Executive Order 2023-14.

DOF, which controls the majority of the City's prompt payment programs, is responsible for issuing all payments to contractors and monitoring payment timeliness. Executive Order 2023-14 directs the Comptroller "to develop [Prompt Payment Procedures] governing all aspects of payment processing [. . .] for all City departments," and "to develop and implement accelerated and advance payment programs."[21] The order set deadlines for each of these actions, some of which DOF has not, or has only partially, met. Figure 6 describes the requirements of the order and DOF's actions in response, and indicates whether those actions met the order's deadlines.

[21] Executive Order 2023-14, Section 4. Accelerated payment programs are designed to pay contractors who meet certain requirements faster once the contractor has completed its work. Advanced payment programs are designed to pay contractors before they complete work.

Figure 6: DOF Has Remaining Work to Meet the Requirements of Executive Order 2023-14

2023

Feb. - April — During the four months prior to Executive Order 2023-14 being issued, DOF implements the 50/50 pilot program. DOF considers this to be its Accelerated Payment Program responsive to the Order.

Executive Order 2023-14
Procurement and Payment for Contracted Vendors
Published and Effective May 12, 2023

May 15 — DOF, with assistance from DPS and OBM, issues a memo to all commissioners and department heads with rules to address some causes of slow payment (the use and review of blanket releases and purchase orders to encumber funds, timely contract extensions, and vendor limit increases).

Aug. 31 — Deadline to complete Prompt Payment Procedures.

Sept. 20 — DOF issues Prompt Payment Procedures to all commissioners and department heads. In addition to the requirements of DOF's previous memo, departments are required to review their invoice workflows and communicate the benefits or electronic payments to vendors.

Sept. 30 — Deadline for Prompt Payment Procedures to be finalized and circulated amongst City departments and the PPWG.

Oct. 31 — Deadline to issue procedures for Accelerated and Advance Payment Programs.

Nov. 1 — DOF reissues Prompt Payment Procedures with an additional requirement for departments to submit affidavits of their workflow reviews.

Dec. 31 — Deadline to finalize procedures for Accelerated and Advance Payment Programs.

2024

Apr. 30 — DOF issues a memo to all commissioners and department heads requesting they examine all open blanket or purchase order releases for the first quarter of 2024 and close them by May 17, 2024.

May 16 — DOF and DPS host a training for user department finance staff on proper procurement and invoice processes.

Deadline met. Deadline partially met. Deadline not met.

Source: OIG visualization based on Executive Order 2023-14 and interviews with DOF

Although DOF's 2023 and 2024 memos met the deadline set by Executive Order 2023-14 to circulate Prompt Payment Procedures, those procedures do not govern all aspects of payment processing Citywide. User departments retain control over their invoice processes and DOF's procedures do not provide a structure for them to meet the City's 30-day goal. For example, the procedures do not indicate whether departments should account for DOF's processing time when reviewing their invoice workflows. This lack of clarity impacts the City's ability to meet and measure its 30-day goal. Additionally, while DOF required that departments adjust their invoicing processes, it did not review the processes, nor did it create any follow-up mechanism to evaluate the effectiveness of departmental process changes. Consequently, DOF—the department responsible for issuing payments—does not have a full understanding of the City's various invoicing processes. Meaningful knowledge of user departments' approaches would allow DOF to provide guidance to help reduce the time they take to process invoices.

No single City entity is aware of all the City's payment processes.

DOF partially met its deadline to establish "Accelerated and Advance Payment Programs" by piloting the 50/50 accelerated payment program.[22] An advanced payment program would have paid a contractor before it completed the work. However, DOF has not launched this program. At the request of DPS, DOF provided an invoice training program as required by the executive order. However, while the training materials expressly indicated the training would be offered quarterly, DPS stated that it would occur periodically, with dates to be determined. DOF told OIG that it is up to user departments to train their own staff. The bottom line is that DOF has not fulfilled its responsibilities as the central authority for processing City payments and it lacks necessary departmental information to help reduce payment delays.

B | The City's prompt-payment programs and initiatives lack the consistent monitoring necessary to achieve meaningful improvement.

The City has received many recommendations for how to reduce payment timelines. Some have resulted in changes to existing programs and the creation of new ones. Others, however, have not led to any changes. Figure 7 summarizes the status of each City program as of April 2026.

[22] As described in a mayoral press release: "Under the 50/50 program, qualified vendors . . . no longer have to submit the entirety of the required paperwork prior to getting paid for verified and properly completed work. The program allows contractors to receive half of their payment within 30 days of the City's receipt of the certified pay estimate and subcontractor payment form, enabling them, in turn, to quickly address project-related financial obligations — specifically, paying smaller vendors and subcontractors who rely on the payments to keep their businesses going." City of Chicago Press Office, "Mayor Lightfoot Expands 50/50 Pilot Program Providing 50% Payment to Qualified Contractors on an Expedited Timeframe," February 23, 2024, accessed June 22, 2026, https://www.chicago.gov/city/en/depts/mayor/press_room/press_releases/2023/february/5050PilotProgram.html.

Figure 7: Without Effective Monitoring, Prompt Payment Programs can Stray from Their Intended Goals, Allowing Problems to Persist

Centralized Invoice Processing (CIP)	**Active.** A large swathe of contract types—including construction and delegate agency contracts—are excluded and are required to go through the standard invoice approval processes. In April 2026, DPS stated they have removed the CIP language from all contracts made through DPS. However, contracts are still being paid with the CIP process according to the City's Centralized Invoice Processing webpage.
eProcurement, iSupplier, and the Paperless Invoice Initiative	**Active.** eProcurement is still in use. iSupplier does not connect to most vendor systems and a recent program to expand its use—known as the **Paperless Invoice Initiative**—is limited to grant-funded projects due to resource costs and DOF staff turnover. iSupplier will be replaced by the new ERP, which will not be in place for several years.
PPWG	**Stopped after initial report.** The City did not continue meetings or implement the group's full recommendations.
50/50 Payment Pilot Program	**Active, with limited use.** DOF leadership stated that it is not expanding the pilot which had very limited participation. At least one participating department has stopped using the program altogether.
3rd Party Administrator for Construction Projects	**In development.** The City cancelled its initial bid opportunity in 2022. DOF leadership stated an alternative program—known as **Fast Track**—is still in development with no target date for implementation.
Paperless Vendor Payment Initiative	**Active, without universal implementation.** The City does not require vendors to use electronic payment methods. Some vendors still receive payments via paper checks.
Cut the Tape: Cash Advance Pilot	**In development.** DOF leadership stated they had no updates to provide regarding an expanded cash advance pilot. As of April 2026, the City's online Cut the Tape Progress Tracker lists the pilot as "In Progress" with a target implementation date of January 2025.
AMP, Expedited Reimbursement, and Expedited Disbursements for Grant-Funded Projects	**Active.** DOF leadership reported that over $73 million had been advanced or expedited since these programs were implemented in June 2022.

Source: Interviews with City staff, see Appendix A for the sources of these initiatives.

Although the City has undertaken multiple prompt payment initiatives since 2005, there are very few programs to alleviate issues repeatedly identified in disparity studies performed by outside contractors, as well as internal City initiatives and feedback from vendors. These issues include inconsistent invoice practices across departments, burdensome document and signature requirements, lack of monitoring or oversight, and understaffing.

For example, the PPWG's 2021 report recommended many action items that the Mayor ended up including in Executive Order 2023-14, including the 30-day payment goal, an advance payment program, and additional training for employees. The PPWG also recommended solutions the City has since tried or is currently trying, such as a paperless invoice and payment option, the use of a third-party administrator, and reviews of invoice procedures. The working group further recommended that user departments reduce the number of required approval signatures and streamline paperwork in their invoicing processes. DOF's prompt payment memos address specific elements of these recommended solutions, but lack the accountability measures and performance metrics necessary to determine whether the City is achieving its prompt payment goals.

DOF does not coordinate with departments to standardize, track, monitor, or measure the success of prompt payment initiatives. For example, DOF created "aspirational metrics," within a scorecard for its 50/50 pilot program. However, DOF did not use these, or any other metrics, to evaluate the program.

| Recommendations

To fulfill its role of governing payment processes across City departments, DOF should:

4. work with departments to analyze their processes, and to identify opportunities to reduce the number of approval steps or to standardize their processes;
5. develop metrics to evaluate prompt payment initiatives and programs;
6. implement procedures to adjust these initiatives and programs as needed based on their effectiveness; and
7. determine and maintain a schedule for training user-department finance staff.

| Management Response

4. *"DOF has reviewed process flow maps from each department requested to meet the 30-day payment goal. DOF has recommended reducing the number of steps for faster processing. DOF will follow up with departments on a regular basis to review their process, evaluate implementation of such recommendations, and discuss any updates.*

5. *"DOF plans to create and implement a monthly reporting and review process that will include metrics and follow-up with departments.*

6. *"In connection with the monthly reporting and review process cited above, DOF will review the effectiveness of existing initiatives and programs and adjust as appropriate.*

7. *"DOF and DPS have been providing annual training, open to all departments, since 2024. This training is recorded for future reference. The content is reviewed and updated based on changes and feedback and DOF will continue to update training as future changes are implemented. DOF also provides one on one training for new departments and new staff as needed."*

Appendix A | Information Regarding Prompt Payment Initiatives

The following list includes reports and City initiatives discussed in this report.

"Report on the City of Chicago's MWBE Program," Dr. David Blanchflower, June 10, 2009, https://www.chicago.gov/dam/city/depts/dps/Certification/BlanchflowerReport/chicago_sunset_final_report_june_10th_2009.pdf.

"An Evaluation of the City of Chicago's Minority- and Women-Owned Business Program in Construction," David G. Blanchflower, December 3, 2015. The City did not make this second report publicly available.

"City of Chicago Disparity Study for Construction Contracts 2021," Colette Holt & Associates, https://www.chicago.gov/content/dam/city/depts/dps/Outreach/City%20of%20Chicago%20Disparity%20Study%20for%20Construction%20Contracts%202021.pdf.

"Centralized Invoice Processing," City of Chicago DOF, https://www.chicago.gov/city/en/depts/fin/provdrs/centralized_invoiceprocessing.html.

"eProcurement & the iSupplier Portal," City of Chicago DOF, https://www.chicago.gov/city/en/depts/fin/provdrs/eProcurementAndtheiSupplierPortal.html.

"Prompt Invoice Payment Initiative," City of Chicago DOF, https://www.chicago.gov/city/en/depts/fin/supp_info/Prompt_Invoice_Payment_Initiative.html.

"City of Chicago Prompt Invoice Payment Initiative Report of the Prompt Payment Working Group," City of Chicago, Prompt Payment Working Group, June 2021, https://www.chicago.gov/city/en/depts/fin/supp_info/Prompt_Invoice_Payment_Initiative.html.

"City of Chicago Launches Search for Third-Party Administrator to Manage 'Prompt Payment' Program," City of Chicago Office of the Mayor, September 6, 2022, https://www.chicago.gov/city/en/depts/mayor/press_room/press_releases/2022/september/Third-PartyAdministratorManagePromptPaymenyProgram.html.

"Mayor Lightfoot Expands 50/50 Pilot Program Providing 50% Payment to Qualified Contractors on Expedited Timeframe," City of Chicago Office of the Mayor, February 23, 2023, https://www.chicago.gov/city/en/depts/mayor/press_room/press_releases/2023/february/5050PilotProgram.html.

"Cut the Tape," City of Chicago Office of the Mayor, https://www.chicago.gov/city/en/sites/cut-the-tape/home.html.

Appendix B | DOF's Supplemental Response

In addition to its management response, DOF provided a supplemental response. OIG shares the response here along with OIG's reply.

CITY OF CHICAGO

DEPARTMENT OF FINANCE

Audit of DOF's Payment Timeliness – DOF Management Response July 31, 2026

The City of Chicago Office of Inspector General (OIG) conducted an audit of the timeliness of the City's payments to its contracted vendors. The objective of OIG's audit was to determine whether the Department of Finance (DOF) ensures the City meets its 30-day payment goal by developing and measuring the effectiveness of City payment procedures.

DOF's timing to process invoices is an average of 7-10 business days from the time invoices are received from the departments. DOF has also provided training to the City Departments since 2024 to meet the 30-day payment goal. DOF has responded to each of OIG's recommendations on the Management Response Form attached to this memo. Many of the recommended actions were taken by DOF prior to OIG's completion of the audit, including providing annual FMPS training since 2024.

DOF would also like to include the following statements:

1. DOF has not used the internal data shared with OIG to inform City Council or the public as mentioned on page 12.
2. DOF refutes the statement that payment data is flawed on page 12.
3. DOF continues to request examples to research and substantiate reports of delayed payments discussed in various meetings with the Department of Procurement Services and the Mayor's Office.
4. DOF has emphasized the 30-day payment goal in all department training since 2024.
5. Future dates are necessary for prepayments and used by DOF Accounting for reporting purposes, noted on page 13.

In addition, the audit report mentions prior administrations from 2005, and several previous studies from nearly twenty years ago, on pages 7, 8 & 12, without providing specifics or examples of payment delays. Without such specifics, DOF cannot provide substantive responses to the instances and conclusions that OIG raises throughout the report.

DOF understands the importance of timeliness in payments for City finances and for the vendor community, especially small, local and MWBEs, and has been providing training, evaluating processes, and working with departments for several years. The Citywide Enterprise Resource Planning (ERP) project will be critical to these improvements, allowing the City to more accurately track and streamline each stage of the payment process. DOF, as a core member of the development team for the ERP, will work to ensure it meets these needs. While the ERP project is ongoing, DOF will continue and reinvigorate its overall prompt payment efforts to best serve vendors, user departments, and the City. We thank the OIG for their work on this important topic.

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OIG reply:

DOF states that it has a 7 to 10-day turnaround time for invoices but does not address the City's overall performance regarding the 30-day payment timeliness goal. This continues a siloed approach to payment timeliness and suggests an inability to measure overall payment timeliness. Regarding DOF's enumerated statements:

1. OIG's report quotes DOF's own statements about payment timeliness, made either in the opening statements of budget hearings or in response to questions by City Council members during budget hearings. If DOF has not used "internal data" to inform City Council, then it raises the question of the basis for such statements of specific performance. DOF does not identify the source of data it shares with City Council if it is not FMPS.
2. Throughout the audit, multiple members of DOF management stated to OIG that its data was flawed and described its monthly report as a "rough estimate" that it would not share publicly. Also, as described in the report, DOF identifies discrepancies in its data in a monthly process. DOF provided OIG with a walkthrough of this process during the audit. If the data is not flawed, then such a process would be unnecessary.
3. No reply necessary.
4. No reply necessary.
5. While there is an accounting use for inputting future dates, OIG understands from information provided by DOF during the audit that DOF filters such invoices out of its payment timeliness reporting and, thus, OIG's analysis should not include future dates. Furthermore, OIG found that various date fields within FMPS accepted future dates.

Through the results of the disparity studies and Prompt Payment Working Group, as well as interactions with departments, DOF has resources to identify examples of payment delays.

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For further information about this report, please contact the City of Chicago Office of Inspector General, 231 S. LaSalle Street, 12th Floor, Chicago, IL 60604, or visit our website at igchicago.org.

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