

Corporate Policies and Procedures			
DEPARTMENT: Finance			POLICY #: F-03
POLICY: Accounts Receivable Collection Policy			
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PURPOSE

The purpose of this policy is to establish the responsibilities, internal controls, authorizations and procedures for the accurate and timely preparation of customer invoices for goods and services rendered by the Townships of Head, Clara and Maria and the management of the accounts receivable created by these invoices including the authority to write-off uncollectible accounts.

Section 286 of the Municipal Act, 2001, states that the Treasurer is responsible for the invoicing, collection, reconciliation for all accounts receivable in the Municipality as follows: *“A municipality shall appoint a Treasurer who is responsible for handling all of the financial affairs of the municipality on behalf of and in the manner directed by the council of the municipality, including,*

- a) collecting money payable to the municipality and issuing receipts for those payments;*
- b) depositing all money received on behalf of the municipality in a financial institution designated by the municipality;*
- c) paying all debts of the municipality and other expenditures authorized by the municipality;*
- d) maintaining accurate records and accounts of the financial affairs of the municipality.”*

GUIDELINES

Invoicing and Collections

The Clerk-Treasurer is responsible for issuing all invoices, managing accounts receivable and collections management.

Terms

1. All invoices will be issued with terms of net 60 days.
2. Unpaid invoices will be subject to a late payment charge of 1.25% interest to be calculated based upon the balance owing after 60 days.
3. Invoices sent to senior levels of government will not be subject to interest.

Management of Accounts Receivable

The Clerk-Treasurer shall send:

- 1) an initial invoice within 10 days of receipt of a tipping ticket; or an initial invoice for all other billing notices on a monthly basis.
- 2) On the first day of the second month following the initial invoice, a notice shall be sent out to those accounts who are still in arrears. This notice shall inform them that:
 - a) their account is 60 days past due;
 - b) They must make arrangements to have the account brought up to date;

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- c) if arrangements are not made the account will continue to accrue interest on a monthly basis; and
- d) at the end of the fiscal year, any outstanding amounts remaining will be transferred to the owner's property tax account and added to the property tax bill.
- 3) The Clerk-Treasurer may approve payment arrangements to allow for the outstanding portion to be collected. This arrangement may not exceed 12 months.
- 4) Relief shall not be given for penalty and interest on arrears except in the following circumstances:
 - a) A two-day grace period to allow for delivery of mail or payments made at the bank before the due date but not delivered to the Municipality until after the due date;
 - b) On rare occasions where there has been a death or extreme health problems during the due date period, at the approval of the Clerk-Treasurer;
 - c) In the event the calculation of interest/penalty has been made in error by the Municipality.
- 5) Where possible, overdue accounts receivable may be transferred to taxes in accordance with the Municipal Act, 2001 s.398 (2).

Returned Payments

- 1) Payments returned by the bank will result in the customer being re-invoiced along with an NSF charge as established by the Municipality's Fees and Charges By-law.
- 2) Repeated payment returns may result in the customer being required to pay in advance of services or goods being rendered.

Write-offs

- 1) Balances to be written off require the approval of the Clerk-Treasurer responsible for the invoice.
- 2) Balances of less than \$100 may be written off under the Clerk-Treasurer's authority.
- 3) Approval of any write off over \$100 shall be by resolution of Council.