



## Parry Sound Corporate Policy and Procedure Manual

<b>Section:</b>	<b>F06 – Finance</b>
<b>Subject:</b>	<b>Accounts Receivable Collection Policy</b>
<b>Policy Number:</b>	
<b>Date Issued/Approved:</b>	<b>August 8, 2017</b>
<b>Resolution/By-law:</b>	<b>By-Law 2017-6760</b>
<b>Date Last Revised:</b>	
<b>Resolution/By-law:</b>	

Section 286 of the Municipal Act, 2001, states that the Treasurer is responsible for the invoicing, collection, reconciliation for all accounts receivable in the Town 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;...”*

Use of the terms Treasurer and Director of Finance and POA Court Services are interchangeable for the purposes of this policy.

In order to ensure that these responsibilities are carried out appropriately, all accounts receivable (assets) are to be managed by the Finance Department to ensure timely and accurate recognition of these assets.

## **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 Town of Parry Sound and the management of the accounts receivable created by these invoices including the authority to write-off uncollectible accounts.

This policy does not include property taxes, water and wastewater services or Provincial Offences Fines which are subject to separate policies and/or legislation.

## **Procedure:**

### **Invoicing and Collections**

1. The Finance Department is responsible for issuing all invoices, managing accounts receivable and collections management.
2. Other departments shall provide the finance department with the relevant information for which to make an invoice. An exception to this is the Charles W. Stockey Centre ticket sales.

### **Terms**

3. All invoices will be issued with terms of net 30 days.
4. Unpaid invoices will be subject to a late payment charge of 1.25% simple interest (15% per annum) to be calculated based upon the balance owing after 30 days.
5. Invoices sent to senior levels of government will not be subject to interest.

## **Management of Accounts Receivable**

6. The Tax/Receivables Clerk shall send
  - a) Statements on a monthly basis indicating the amount owing on each account.
  - b) On the first day of the month following the first notice, a second notice shall be sent out to those accounts who are still in arrears. This notice shall inform them that they are 30 days past due and must make arrangements to have the account brought up to date.
  - c) If after 90 days of the first notice the account remains unpaid or no arrangements have been made on these accounts, a final notice will be sent stating that their account will be sent to our collection agent if payment or payments are not made by the last day of the month this notice is sent.
  - d) After 120 days past due accounts will be given to Revenue & Taxation Supervisor to review and decide which accounts will be sent to collections.
7. The Revenue and Taxation Supervisor may approve payment arrangements to allow for the outstanding portion to be collected. This arrangement may exceed 12 months.
8. Relief shall not be given for penalty and interest on arrears except in the following circumstances:
  - a) A 1-2 day grace period to allow for delivery of mail or payments made at the bank before the due date but not delivered to the Town 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 Director of Finance and POA Court Services
  - c) In the event the calculation of interest/penalty has been made in error by the Town.
9. Where possible, overdue accounts receivable may be transferred to taxes in accordance with the Municipal Act, 2001 s.398 (2)

## **Returned Payments**

10. Payments returned by the bank will result in the customer being re-invoiced along with an NSF charge as established by the Town's Fees By-law.

11. Repeated payment returns may result in the customer being required to pay in advance of services or goods being rendered.

### **Write-offs**

12. Balances to be written off require the approval of the Department Head responsible for the invoice.

13. Balances of less than \$100 may be written off under the Treasurer's authority.

14. Balances in excess of \$100 up to \$500 may be written off under the Treasurer's authority with approval of the Chief Administrative Officer.

15. The Director of Finance and POA Court Services will determine the point at which an account over \$500 is uncollectible and prepare a report to Council. Approval of any write off over \$500 shall be by resolution of Council.