



REPORT

TO: Community Services Executive Committee
FROM: Jason Kabel, Community Services Division Manager
DATE: May 31, 2019
RE: **Accounts Receivable Policy – NEW POLICY REVIEW**

Preamble

The Community Services Division is proposing a new Accounts Receivable Policy that will help define operations for patrons and ensure consistent approach for staff.

Please find attached.

Recommendation

Evaluate the attached policy to determine if it is suitable for adoption.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "J. Kabel", is written over the printed name "Jason Kabel".

Jason Kabel

THE TOWN OF FORT FRANCES

Section: Community Services

Policy: Accounts Receivable

Creation Date: May 2019

Revised Date: n/a

Resolution Number: DRAFT

Supersedes Resolution: n/a

Policy Number: 2.XX

1. PURPOSE

The accounts receivable policy and goals of the Corporation of the Town of Fort Frances shall be:

- A. To ensure prompt billing of all accounts receivable in order to maximize cash flow for the Town of Fort Frances; and
- B. To encourage prompt payment by the customers through the application of interest at the rate of 1.25% per month on all accounts receivable outstanding beyond the prescribed due date.

2. BILLING

- A. Accounts receivable billings are to be submitted by departments monthly. If volume warrants, they should be submitted weekly. Billings must be accurate and include full billing name, address and any other information deemed relevant.
- B. Accounts receivable are to be submitted to Town Hall on the first working day of the month following the month of billing.
- C. It is the responsibility of the department submitting an accounts receivable billing to calculate HST.

3. PENALTY

- A. Interest is applied at the rate of 1.25% per month to all accounts not paid within 30 days following the month of billing.
- B. Failed payments will be charged an NSF fee (set annually by Council).
- C. If failed monthly membership payments are not paid by the 30th of the month, the Annual or 6-month membership rate will be recalculated to the 1-month membership rate. Monthly payment plan privileges will not be allowed unless approved by the Division Manager, Treasurer, or designate.
- D. Billings for Day Care services must be paid in full ~ within 15 days of the billing date. Services will be terminated and the child(ren) will lose their position at Day Care if full payment is not received within the confines of this policy.
- E. The Treasurer or designate is authorized to grant a reasonable extension to the due date for Day Care accounts receivable subject to satisfactory arrangements being made by the person billed.

4. APPLICATION OF PAYMENTS

- A. All payments received on account are applied on the following basis:
 - i. First to all interest owing; and
 - ii. Secondly, to the oldest accounts receivable unless the payor specifically designates to which accounts receivable the payment is to be applied.

5. INTEREST WRITE-OFFS

- A. The Treasurer is authorized to write off interest charges on individual accounts in amounts less than or equal to \$25.00.
- B. If an account which is in dispute is subsequently cancelled or reduced in amount, the Treasurer is given full authority to write off the excess interest charges.
- C. All interest charge write-offs except those as noted in 5 (b) above, which exceed \$25.00 must be approved by resolution of Council.

6. NOTICES/COLLECTION PROCEDURE

- A. Monthly accounts receivable notices are mailed out not later than the 20th of the month to all customers with balances outstanding.
- B. All accounts receivable, or balances thereof, not paid within 30 days following the end of the month of billing will be actioned by the Tax/Accounts collector as follows:
 - i. Collection letter will be sent to the debtor.
 - ii. If there is no response within a reasonable length of time (approximately 14 days), a collection letter will be sent to the debtor notifying him of our intent to proceed with the appropriate collection action.
 - iii. Appropriate action is then taken as noted in the collection letter or as allowed under section 7 of this policy.
 - iv. Partial payments received during this collection period are recognized by letter to the debtor acknowledging receipt of partial payment and notification of balance still owing. A sample of this letter is shown in Appendix "C"
- C. Any accounts submitted to a Credit Bureau for collection will have a collection charge of 40% of the balance due added prior to submission. This is to offset the collection agency fee.
- D. Any accounts disputed by the debtor will be forwarded to the appropriate department head for follow up and resolution. The department head will confirm in writing to the Tax Collector, within 14 days of the account being referred by the Tax Collector, the accuracy of the accounts receivable or of any changes to be made to the accounts receivable billing. The Tax Collector will advise the debtor by letter of any adjustment to the account as a result of the review by the department head. Collection action is then proceeded with as needed.

7. PAYMENTS NETTED

- A. In situations where customers who have outstanding accounts receivable which is beyond the due date, and where the Corporation of the Town of Fort Frances has purchased goods or services from these customers, the amount owing to the Town will be deducted from the payment remitted by the Town to them. The Tax Collector is to advise the customer by letter in these instances.
- B. For all Town employees who do not pay their accounts receivable by the due date and who have not made satisfactory arrangements with the Tax Collector, the amount owing will be deducted from their payroll cheque.
- C. All Town employees purchasing materials or receiving services will be required to complete an authorization form.
- D. All aspects of this policy shall be consistently applied even in situations where the account may be under dispute.