


# POLICY

	Policy:	<b>ACCOUNTS RECEIVABLE - COLLECTIONS</b>		
	Department:	Corporate Services		
	Division:	Finance	By-Law No.:	2016-28
	Administered By:	Treasurer	Approval Date:	Dec. 11, 2023
	Replaces:	Accounts Receivable Collections Policy – February 28, 2016		
	Attachment(s):	N/A		

## 1. POLICY STATEMENT

The Corporation of the Town of Amherstburg is committed to establishing a reporting structure governing collection activities that enhances the integrity of the collection process and safeguards Town assets.

## 2. PURPOSE

- 2.1. This policy will set out guidelines and control requirements for the following:
  - 2.1.1. Collection agency assignment:
  - 2.1.2. Legal assignment for both small and large claims;
  - 2.1.3. Write-off approvals; and
  - 2.1.4. Consumer and commercial reporting parameters governing usage and observance of the Consumer Reporting Act.
- 2.2. This policy will ensure alignment with the provisions outlined in other policies related to outstanding accounts in arrears, NSF cheque recoveries and A/R approvals.
- 2.3. This policy will ensure the regular review and follow up of all outstanding accounts receivable.
- 2.4. This policy establishes procedures for the benchmarking and monitoring of the collection process as a measurement of performance.

## 3. SCOPE

- 3.1. This policy applies to all Town of Amherstburg employees engaged in the collection of trade accounts receivable, or other unsecured debt as assigned, excluding municipal property taxes and the municipal tax roll.
- 3.2. This policy shall be reviewed every five (5) years from the date it becomes effective, and/or sooner at the discretion of the CAO or designate.

## 4. DEFINITIONS

- 4.1. A/R refers to Accounts Receivable.

- 4.2. **Collection Agency** also known as a “debt collector,” is a business that pursues payments of debts owed by individuals or businesses. Most collection agencies operate as agents of creditors.

Common definitions, acronyms, and terms are available in the Glossary located on the Town’s Policies webpage.

## 5. **INTERPRETATIONS**

Any reference in this policy to any statute or any section of a statute shall, unless expressly stated, be deemed to be reference to the statute as amended, restated or re-enacted from time to time. Any references to a by-law or Town policy shall be deemed to be a reference to the most recent passed policy or by-law and any replacements thereto.

## 6. **GENERAL CONDITIONS**

### 6.1. **Credit Reports**

- 6.1.1. In accordance with **Section 8(1)(d)(i)** of the Consumer Reporting Act, Town employees have the authority to run a consumer or commercial credit report on any person or entity as long as evidence is presented in which the report was run in connection with the collection of a debt.
- 6.1.2. Town employees will order consumer and commercial credit reports only for permissible purposes, and only in compliance with Federal and Provincial credit reporting laws.
- 6.1.3. Consumer credit reports will be used for no purpose other than the permissible purpose and the Town will hold all consumer or commercial credit reports in the strictest of confidence and will not disclose any information contained therein to others, except where required by applicable law.
- 6.1.4. Consumer or commercial reports will only be ordered in connection with legitimate business transactions involving the Town.
- 6.1.5. Town employees will not provide a copy of consumer or commercial credit report to the consumer or entity, except as required by law.
- 6.1.6. Should a consumer dispute information obtained from a reporting agency, they must be referred to that same reporting agency.

### 6.2. **Outstanding Account Notice**

- 6.2.1. Outstanding Account notices are sent to the customer of the outstanding account when they enter arrears and shall include the following:
- 6.2.1.1. Legal name of customer;
- 6.2.1.2. Account name/number and amount owing;
- 6.2.1.3. Interest charge; and,

6.2.1.4. Payment date.

6.2.2. Outstanding account notices may also be accompanied by an account statement of the aforementioned outstanding account arrears.

6.2.3. Notices will be sent out as soon as the account enters arrears, as well as each subsequent month thereafter.

6.2.4. Once a balance reaches sixty (60) days past due, a final notice will be sent once more indicating the outstanding account arrears.

6.2.4.1. Every attempt will be made for telephone or personal contact to inquire further about the account and to ensure the customer understands the consequences of non-payment.

6.2.4.2. Plans or schedules of payment for outstanding account arrears may be made available on a case by case basis, however, they must be made before the outstanding account reaches ninety (90) days past due.

6.2.5. In the event that payment of the outstanding account arrears is not made within thirty (30) days of the final notice being issued, the Town of Amherstburg reserves the right to add the outstanding account arrears to the customer tax roll, should that customer be a resident or own property in the jurisdiction of the Town of Amherstburg.

6.2.5.1. If the customer is not a resident or does not own property in the jurisdiction of the Town of Amherstburg, and all internal avenues have been exhausted, the outstanding account will be sent to a collection agency and any additional costs shall be borne by the customer.

### 6.3. **Collection Rules**

6.3.1. Town employees may not discuss a debt with anyone other than the debtor unless required by applicable law.

6.3.2. Town employees may not discuss a debt with a solicitor or representative of the debtor unless they receive a written declaration from the debtor confirming representation and authorizing the disclosure of information to that same representative.

6.3.3. Town employees may not be discriminatory or prejudicial in their collection practices and are expected to maintain the utmost professionalism throughout the collection process.

### 6.4. **Use of Collection Agency**

6.4.1. A collection agency may be assigned an account for collection once all internal avenues have been exhausted.

- 6.4.2. The agency will be monitored on a regular basis to ensure compliance of agreed terms within the contract results.
- 6.4.3. Accounts referred to a collection agency will be given consideration for purposes of the allowance for doubtful account and assist in the determination of write-off recommendations.
- 6.4.4. An account will be identified as non-collectable when a collection agency returns the account as uncollectable, untraceable, or advises that no assets remain to pursue further collection efforts.

6.5. **Legal Claims**

- 6.5.1. All claims over the Small Claims Court limit must be forwarded to the Town solicitor to commence legal action.

6.6. **Bad Debt Expense**

- 6.6.1. The determination of allowance for doubtful accounts will be formulated after careful examination of pre-identified non-collectable accounts.

6.7. **Write Offs**

- 6.7.1. Write-offs may be performed against the Allowance for Doubtful Accounts on an ongoing basis upon authorized approval of those accounts identified as non-collectable.
- 6.7.2. An account will be identified as non-collectable where all of the following conditions exist:
  - 6.7.2.1. If the value exceeds \$1,000 it will be listed with a collection agency; and,
  - 6.7.2.2. Collection against the debtor has been unsuccessful.

For further clarification, the debt will be considered uncollectable if the debtor has filed for bankruptcy.

- 6.7.3. Any monies recovered from the debtor subsequent to the write-off will be posted as a bad debt recovery.
- 6.7.4. Thresholds exist to permit the write-off of non-collectable accounts receivable balances upon valid authorization.
  - 6.7.4.1. The following positions may authorize the write-off of these balances, if in their opinion, all means of collection have been exhausted:
    - a. **Treasurer** – up to **\$10,000** plus any related interest or penalties on a per account basis.
    - b. **Chief Administrative Officer** – from **\$10,000** to **\$50,000** plus any related interest or penalties on a per account basis.

- c. Any amounts in excess of **\$50,000** plus any related interest or penalties shall only be written off with **Council** approval.

6.7.5. Any write-offs exceeding \$5000 shall be incorporated into the quarterly variance reports with provisions to safeguard and maintain the privacy of account information.

## 6.8. **Netting**

6.8.1. Payables can be netted to outstanding receivables.

6.8.2. The entity that is being netted must also be the same legal entity that originated the debt.

## 6.9. **Records and Information**

### 6.9.1. **Write-Off Reporting**

6.9.1.1. As required, but at a minimum of once per year, the Supervisor of Revenue and/or Supervisor of Accounting shall provide the Treasurer and the CAO with a recommended list of write-offs.

6.9.1.2. The Treasurer shall report to Town Council to request approval for all non-collectable accounts receivable write-offs over \$50,000.

### 6.9.2. **Delinquency Reporting**

6.9.2.1. Once per month, a delinquency analysis shall be performed by the Supervisor of Revenue and/or Supervisor of Accounting.

6.9.2.2. The delinquency analysis will be provided to the Treasurer outlining details of the aged trial balance position.

### 6.9.3. **Safekeeping**

6.9.3.1. Consumer information will remain confidential and will be used only for the purpose of the collection of outstanding amounts due to the Town of Amherstburg.

## 7. **RESPONSIBILITIES**

7.1. **Council** has the authority and responsibility to:

7.1.1. Approve the Accounts Receivable – Collection Policy.

7.2. The **CAO** has the authority and responsibility to:

7.2.1. Ensure appropriate oversight is in place within respective areas of responsibility to ensure compliance with the policy.

- 7.3. The **Treasurer** has the authority and responsibility to:
  - 7.3.1. Ensure appropriate departmental oversight to administer and comply with the policy.
  - 7.3.2. Ensure financial reporting in accordance with the Accounts Receivable Collections Policy.
- 7.4. The **Supervisor of Revenue and/or Supervisor of Accounting** has the authority and responsibility to:
  - 7.4.1. Deliver a list of recommended write-offs to the Treasurer and CAO on an annual basis.
  - 7.4.2. Conduct a monthly delinquency analysis and communicate the results, including information on the aged trial balance position, to the Treasurer.
- 7.5. **Staff** have the authority and responsibility to:
  - 7.5.1. Ensure their understanding and compliance with the policy and seek clarification where needed to follow the policy expectations.

## **8. LEGISLATIVE REFERENCES**

- 8.1. Consumer Reporting Act