



TOWN OF HIGH RIVER POLICY

Policy Number:	FIN-POL-100-00
Policy Name:	Accounts Receivable Policy
Related Procedure Number:	PRO-16-107-00
Related Procedure Name:	Accounts Receivable Procedure
Approval Date:	December 11, 2017
Revision Date:	
Policy Category:	Finance
Responsible Department:	Financial Services

Policy Statement

The purpose of this policy is to provide uniform guidelines for the collection of accounts receivable due to the Town of High River, creating a provision for accounts deemed doubtful or uncollectible, and subsequently writing off of bad debt accounts.

The Town shall ensure the overdue accounts practices are conducted in accordance with:

- I. Generally Accepted Accounting Principles (GAAP)
- II. the Tax Recovery Provisions of the MGA - Part 10, Division 8
- III. the Recovery of Amounts Owing by Civil Action as per MGA s. 552
- IV. the Addition of Amounts Owing to the Tax Roll as per MGA s. 553
- V. Freedom of Information and Protection of Privacy Act
- VI. Municipal Bylaws and Council Policies

1. Purpose and Objective

The objective of this policy is to:

- 1.1. To provide uniform guidelines for the collection of accounts receivable due to the Town of High River.
- 1.2. Address the Accounts Receivable allowances and write off for:
 - 1.2.1. General Receivables
 - 1.2.2. Utilities
 - 1.2.3. Property Tax
 - 1.2.4. Licenses
- 1.3. Ensure adequate procedures are in place to write off accounts.
- 1.4. Ensure proper authorizations are established to allow for timely write off of accounts.
- 1.5. Establish a method of funding allowances and drawing from allowances.

2. Definitions

- 2.1. Accounts Receivable – general receivables (including recreation, cemetery, shared services, fire department, planning, economic development, and affordable housing), utility accounts, taxes and licenses due to the Town.
- 2.2. Allowance – accounting entry/provision to set aside against the possibility of not being able to collect accounts receivable.
- 2.3. Customer – the person or business to which the Town provides goods or services.
- 2.4. Town – means the corporation of the Town of High River and includes all lands within its jurisdictional boundaries.
- 2.5. Uncollectible – an account which cannot be collected due to the circumstances of the debtor.
- 2.6. Write off – the accounting entries undertaken to remove a receivable from the accounting records.

3. Responsibilities

3.1. Town Council to:

- 3.1.1. Approve by resolution this policy and any subsequent amendments.
- 3.1.2. Consider the allocation of funds for successful implementation of this policy in the annual budget process.
- 3.1.3. Review and approve all uncollectible accounts in excess of \$500, except property taxes.
- 3.1.4. Review and approve all uncollectible property taxes recommended by Administration.

3.2. Town Manager to:

- 3.2.1. Support the implement this policy and approve procedures.
- 3.2.2. Support Administration in carrying out implementation plans for this policy.
- 3.2.3. Support recommendation of any exceptions to this policy.
- 3.2.4. Ensure every feasible means of collecting all accounts are undertaken by staff.

3.3. Chief Financial Officer to:

- 3.3.1. Provide guidance and direction to the parties responsible for the implementation of this policy and related procedures, as required.
- 3.3.2. Ensure every feasible means of collecting all accounts are undertaken by staff.
- 3.3.3. Recommend any exceptions to this policy to the Town Manager and Council.
- 3.3.4. Prepare requests for write off of all property tax accounts.
- 3.3.5. Review and approve write off submissions for uncollectable accounts, other than property taxes, valued at \$500 or less.
- 3.3.6. Review write off submissions and prepare list of uncollectible accounts in excess of \$500 for consideration by Council.
- 3.3.7. Prepare status reports to accompany recommendations to Council for write offs for property taxes and other write offs in excess of \$500.
- 3.3.8. Ensure all accounting entries are performed.
- 3.3.9. Prepare annual report for Council of all accounts written off during the year.

3.4. Manager of Accounting Services to:

- 3.4.1. Ensure implementation of this policy and related procedures.
- 3.4.2. Make recommendations to the Chief Financial Officer of necessary policy or procedure amendments.
- 3.4.3. Ensure all necessary accounting entries are performed.
- 3.4.4. Observe all existing billing and collection procedures in the execution of daily tasks.
- 3.4.5. Prepare ongoing lists of receivable accounts which may require a write off.
- 3.4.6. Prepare recommended list of write offs to the Chief Financial Officer indicating reasons for the recommendations.

- 3.4.7. Perform accounting entries necessary to effect the accounts.
- 3.4.8. Ensure necessary follow-up with all due accounts in excess of 30 days.
- 3.4.9. Ensure adherence to the Accounts Receivable procedure.

4. Accounts Receivable

- 4.1. The Town will efficiently manage collections, minimizing lost revenue by collecting outstanding balances.
 - 4.1.1. Account payments shall be due within 30 days of the bill date unless otherwise determined by Council.
 - 4.1.2. On the 31st day after the bill date, a bill is considered overdue.
 - 4.1.3. Penalty (finance) charges shall apply on any overdue account in accordance with their respective bylaw:
 - 4.1.3.1. Property taxes are imposed a penalty of 1.5% monthly as per the relevant Bylaw.
 - 4.1.3.2. Utility accounts are imposed a penalty of 1.5% on all outstanding balances as per the relevant Bylaw.
 - 4.1.3.3. Business licenses are imposed a penalty of 1.5% after the due date, as per the annual Rate Bylaw as amended from time to time.
 - 4.1.3.4. All other accounts are imposed a penalty of 1.5% per month as per the relevant Bylaw.
 - 4.1.4. The Town shall use a collection agent on overdue accounts.
 - 4.1.5. When a customer has an outstanding amount on which payment could not be arranged or made, and the Town has an outstanding payable to the same customer, the customer's accounts payable may be set off (reduced) against that customer's receivable amount.
 - 4.1.6. The Chief Financial Officer may initiate a claim in small claims court if it is deemed to be the only means for collecting an overdue amount.
 - 4.1.7. All bankruptcies and receivership notices received by the Town showing outstanding debt to the Town shall be written off as appropriate.

5. Allowance for Doubtful Accounts

- 5.1. The Chief Financial Officer will set up and determine an amount for an Allowance for Doubtful Accounts in accordance with Generally Accepted Accounting Principles.

6. Write Off of Accounts:

- 6.1. Where amounts are due to the Town, all efforts within the established procedures will be followed in accordance with the Accounts Receivable Procedure.
- 6.2. From time to time, accounts may remain outstanding and be deemed uncollectible as per the following criteria:
 - Debtor deceased and no funds available from the estate.
 - 6.2.1. Debtor files Statement of Bankruptcy.
 - 6.2.2. Account is dormant (at least 12 months) with respect to collection agent's ability to collect.
 - 6.2.3. Account is aged three (3) years or more.
 - 6.2.4. Other circumstances which may arise and as recommended by the Town's Chief Financial Officer.

End of Policy

Approval

This policy shall come into force and effect upon adoption by Council.

Overdue Accounts Policy POL-16-107-00 is rescinded.

Approved December 11, 2017 Meeting of Council
Resolution #RC20171211.1017

MAYOR/DEPUTY MAYOR

ACTING TOWN MANAGER

DATE