



Policy Name:

Accounts Receivable Invoicing & Collection Policy

Developed By: Wendelin Lonergan, Treasury Consultant

Date: April 22, 2022

Department: Finance

Adopted By: Council

Resolution # #232-2022, By-Law No. 65-2022

Cross-Reference:

Date: June 7th, 2022

Effective: June 7th, 2022

Revisions:

Council wishes to ensure prompt billing and payment of various charges under the accounts receivable system.

Therefore, Council wishes to establish this policy to ensure a consistent, effective and appropriate Accounts Receivable Invoicing and Collection Policy.

SCOPE:

This document is to provide guidance to staff and to provide a basis for decision-making relating to Accounts Receivable invoicing procedures in the Town of Bancroft.

POLICY, PROCEDURE AND IMPLEMENTATION:

1.0 Purpose

The guidelines contained in this policy is to clarify collection procedures, billing of penalty and which types of invoices would automatically be added to taxes.

2.0 Invoices

- Re-imbursement invoices billed for costs paid by the Town and staff time billed shall be due and payable upon receipt of the invoice. Staff time will be charged at the hourly rate plus 30% (for benefits) and a 10% overhead charge. Materials will be billed at cost.
- Invoices for sewer/water connections, sewer/water repairs, and/or property standard charges directly related to a specific property will be invoiced and added directly to taxes. This is to ensure costs for specific properties will have all costs included if the property is sold or transferred to a new owner.
- Outstanding water/sewer charges will be automatically charged to the specific property to ensure collection if properties are in collection status.
- All other invoices will be due and payable 30 days after the date of the invoice.

3.0 Due Dates

- Due dates for the payment of invoices shall be dependent, in the case of the type of invoice billed. See section 2.0.

4.0 Settlement of Accounts

- Payment will be in the form of cash, cheque, money orders, bank drafts, debit, credit cards (convenience fees applicable at 1.75%), internet and telephone banking made payable to the Town of Bancroft. Cheques which are post-dated to the due date will be accepted and held by the Treasurer. Payments will be accepted via mail to:

Town of Bancroft
8 Hastings Heritage Way
PO Box 790
Bancroft ON K0L 1C0

- “Third party” cheques will not be accepted.
- Change will not be returned for cheques accepted in excess of the amount due on the account. Should a credit appear on the account as a result of the payment, it will be applied to subsequent invoices not yet due in the current year. However, at the written request of an account holder, a refund cheque will be requisitioned, after allowing sufficient time (15 business days) for the account

holders cheque to clear their financial institution. The minimum credit amount for a refund request to be processed will be \$25.

- Any cheques returned for any reason will be subject to a returned payment fee which, is set out in the Tariff of Fees By-law unless, a replacement payment has been received prior to the Town's notification of the returned cheque.
- Taxes are payable in Canadian funds only (CAD).

5.0 Collection – Payment Incentives

- There are basic incentives to promote timely payment of taxes as follows:
 - Penalty / Interest
 - Collection Agency
- **Penalty / Interest**
 - 1.25% to be charged on the first of each month after due date.
 - The purpose of penalty is to persuade account holders to pay on time.
 - When payments are made penalty and interest is cleared first then applied to the oldest principal outstanding, in accordance to *Municipal Act*.
- **Collection Agency**
 - Section 304 of the *Municipal Act* provides that if a municipality uses a registered collection agency under the Collection Agencies Act to recover a debt, the collection agency may recover its costs as long as the costs do not exceed the amount approved by the municipality.
- **Additional Collection Tools**
 - The following additional tools are available to assist in the collection of outstanding invoices:
 - Reminder notices
 - Form or personalized letters
 - Telephone follow up after commitments made
 - Interviews

6.0 Steps and Timing of Collection Procedure

- Reminder notices are sent on the 1st day of each month. Reminder notices for \$10.00 or less are not produced as well as credit reminder notices are not produced.

- Any notice sent by ordinary mail is considered delivered to and received by the addressee. Failure to notify the office of an address change in writing is not an error. The direction for the delivery of invoices continues until it is revoked in writing by the account holder. **It is the account holder's responsibility to provide the Town with the correct mailing address.**
- Satisfactory payment arrangements would be a series of post dated cheques or a commitment to make payments on prearranged dates via telephone or internet banking or in person.
- If no reply is received within the timeline indicated in the collection letter:
 - A report will be compiled by the Treasurer which will include recommendations on which accounts to be forwarded for collection outlined in this policy as well as a listing of accounts which have made payment arrangements and/or commitments.
 - Council will direct the Treasurer on what collection procedures will be used.
 - Any accounts included in the above report which, have made payment arrangements and/or commitments and default on these arrangements will be monitored by the Treasurer and will be sent to collection.

10.0 **Late Payment Charge Adjustments**

- Late payment charges are adjusted only in the following circumstances:
 - If penalty was charged as a result of the Town's error and/or omission. It shall be at the discretion of the Treasurer to decide whether or not the penalty amount should be adjusted in such cases.