

TOWN OF RAINBOW LAKE

ACCOUNTS RECEIVABLE COLLECTION POLICY

POLICY NO. 2009-02

ADOPTED BY RESOLUTION NO.

PURPOSE:

To provide for the effective control, administration and writing off of Accounts Receivable.

POLICY:

The municipality shall endeavor to pursue collection of all outstanding accounts receivable.

COLLECTION PROCEDURES:

- 1) Administration shall endeavor to collect all accounts receivable through reasonable means at all times. Except where other procedures are outlined through provincial legislation or through Town bylaws, the following procedures shall be followed:
 - A) When an account remains unpaid 30 days after date of invoice, a notice shall be sent out by administration advising that the account is overdue.
 - B) When an account remains unpaid 60 days after date of invoice, telephone contact shall be made and/or a letter shall be sent out by administration requesting prompt payment.
 - C) When an account remains unpaid 180 days after date of invoice, a demand for payment letter shall be written by administration indicating which of the following action(s) will be undertaken if the account is not paid within 21 days:
 - i) court action
 - ii) distress and sale of goods and chattels;
 - iii) account will be referred to a Collection Agency.
 - D) Any accounts with an outstanding balance not paid within the 21 day period specified in section iii) of this policy shall be acted upon in the manner specified in section C.
 - E) The applicable interest penalties shall continue to be applied to the outstanding balances.
- 2) In the event that an account becomes part of a receivership, bankruptcy claim or an estate claim, the account shall not be dealt with in accordance with Section C above. In that event, administration will file the necessary documentation required to collect what funds can be collected to cover the account and the balance of the account shall be written off.
- 3) Administration shall be sensitive to the customer's circumstance and shall consult with the CAO if unusual circumstances exist. The CAO has the authority to enter into payment arrangements if there is sufficient evidence that unusual circumstances exist. Records and/or notes of the circumstances must be kept and provided to Council upon request

CANCELLATION PROCEDURES:

- 1) All Accounts Receivable referred to a Collection Agency are considered uncollectible and shall be written off at the time they are referred to the agency.
- 2) Payments received after an account has been written off shall be credited to the Allowance for Doubtful Accounts.
- 3) Assessment, accounting errors, Court of Revision or Assessment Appeal Board changes shall be corrected by administration.

FUTURE CREDIT

With the exception of fees for emergency services:

A list of all the names of any accounts receivable that have been written off shall be kept and no additional credit shall be extended to any individual, organization or business who has an outstanding account on which collection or cancellation procedures have been undertaken unless provisions for such credit are made for in the bylaw or policy applicable to the service being provided.

ADOPTED THIS _____ DAY OF _____, 20_____.

Mayor

Chief Administrative Officer