

THE RURAL MUNICIPALITY OF PINEY

“Accounts Receivable Collections Policy”

Subject: “Accounts Receivable Policy”

Effective Date: December 15th, 2021

Replaces Policy: New

Resolution No.: #295 **Resolution Date:** December 14th, 2021

Under Section 127(2)(c) of the Municipal Act, states:

127(2) The chief administrative officer must ensure that:

(c) the revenues of the municipality are collected;

PURPOSE:

The purpose of this policy is to establish the responsibilities, internal controls, authorizations and procedures for the accurate and timely preparation of customer invoices for goods and services rendered by the Rural Municipality of Piney and the management of the accounts receivable created by these invoices including the authority to write-off uncollectible accounts.

This policy does not include property taxes, wastewater services or fees established under separate agreements.

PROCEDURE:

Invoicing and Collections

1. The RM Office is responsible for issuing all invoices, managing accounts receivable and collections management.
2. Other departments shall provide the finance department with the relevant information for which to make an invoice.

Terms

3. All invoices will be issued with terms of net 30 days.

4. Unpaid invoices will be subject to a late payment charge of 1.25% simple interest (15% per annum) to be calculated based upon the balance owing after 30 days.
5. Invoices sent to senior levels of government or crown corporations will not be subject to interest.

Management of Accounts Receivable

6. The Accounting Clerk shall send
 - a) Statements on a monthly basis indicating the amount owing on each account for accounts held by a business or individual and when the outstanding balance exceeds \$50.00.
 - b) On the first day of the month following the first notice, a second notice shall be sent out to those accounts that are still in arrears. This notice shall inform them that they are 30 days past due and must make arrangements to have the account brought up to date.
 - c) If after 90 days of the first notice the account remains unpaid or no arrangements have been made on these accounts, a final notice will be sent stating that their account will be sent for collections if payment or payments are not made by the last day of the month.
 - d) After 120 days, past due accounts will be given to the CAO for review and to decide which accounts will be sent to collections or added to taxes.
7. Relief shall not be given for penalty and interest on arrears except in the following circumstances:
 - a) In the event the calculation of interest/penalty has been made in error by the RM.
8. Whenever possible, overdue accounts receivable may be transferred to property taxes.

Returned Payments

9. Payments returned by the bank will result in the customer being re-invoiced along with an NSF charge as established by the RM's Fees By-law.
10. Repeated payment returns may result in the customer being required to pay in advance of services or goods being rendered.

Write-offs

11. Balances of less than \$10 may be written off under the CAO's authority.
12. Approval of any write off \$10 or more shall be by resolution of Council, except in cases of clerical or accounting error.