

City of Greater Sudbury

Accounts Receivable and Collections Policy and Procedures

Part of the Accounts Receivable Policy and Procedures Manual



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CITY OF GREATER SUDBURY POLICIES AND PROCEDURES

DEPARTMENT:

Finance

SECTION:

All Sections

TITLE:

Accounts Receivable and Collections

APPROVED BY:

Executive Director of Finance,
Assets and Fleet

DATE:

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1.0 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 City of Greater Sudbury (“City”) and the management of the accounts receivable created by these invoices including the authority to write-off uncollectible accounts. This includes ensuring adequate support for all amounts billed, timely collection of amounts outstanding, recording of transactions, reporting of outstanding accounts and ensuring that practices are consistent throughout the City.

1.1 Definitions

Account Receivable: means a claim for money, goods, services and other non-cash assets. These are generally established via billing advice/invoice or contract/agreement. These are set up as assets of the City and recognized as revenue is earned.

Allowance for Doubtful Accounts: is a contra account on the balance sheet associated with Accounts Receivable based on Delinquent Accounts. The credit balance in this account comes from the entry wherein Bad Debt Expense is debited. The amount in this account is based on a regular aging analysis of Accounts Receivable and/or specifically identified Doubtful Accounts.

Authorized Person: is an Employee who is an Authorized Person as defined in the Purchasing By-law.

Bad Debt Expense: When an Allowance for Doubtful Account is credited the expense is recorded to a corporate department, for example monthly general provision. Where known and identifiable to a department the expense for the bad debt is charged to the operating department.

Billing Advice: means an internal document utilized to generate an Invoice to a customer.

Collection Agencies: are businesses established to collect past-due Accounts Receivable on behalf of creditors and appointed by the City to collect these amounts.

Debtors Watch List: means a list of individuals and/or businesses that are in arrears to the City or have had a balance written off that is utilized by staff to collect on outstanding debts. Customers on the list may be barred from bidding on a City issued proposal or are deemed to be ineligible for Development Charges deferrals agreements with the City until all debts with the City are paid. See [Debtors Watch List Policy – to be drafted] for additional details.

Delinquent Account: means an Accounts Receivable that is late or overdue on a payment.

Doubtful Account: means an Accounts Receivable for which collection efforts are in progress or have been exhausted without successful collection and for which an Allowance for Doubtful accounts adjustment will be recorded.

Due Date: means the last date by which an invoice must be paid by a customer in accordance with the terms of payment on the Invoice.

Dunning Letter: means a communication to a customer indicating that a payment is overdue.

Good Standing: means a customer with an Accounts Receivable that is current meaning that payments are made in accordance with the payment terms indicated on the Invoice.

Interest Charge: the charge calculated on outstanding amounts from the due date, in accordance with the Miscellaneous User Fee By-law.

Internal Charges: an inter-departmental transaction that has no cash implications to the City of Greater Sudbury. A transaction is recorded as revenue and expense recovery transaction between City departments in the Internal Recoveries section of the Chart of Accounts. [see *Internal Charges Policy and Procedures*]

Invoice: means a document requesting payment from an external customer for goods or services provided by the City to the customer.

Repayment Arrangement: means a written and signed repayment arrangement, authorized in accordance with this policy, negotiated with a customer for repayment of a past due amount and which may or may not include repayment of Interest Charges.

Standard Payment Options: cash, cheque, certified cheque, credit card, debit card and Electronic Funds Transfer.

Statement: means of communication issued to the customer detailing the previous month's balance and current month transactions including any Interest Charges.

Write Off: means to remove an Account Receivable that is deemed uncollectible from the City's financial records.

2.0 POLICY

This policy applies to all Employees of CGS who are responsible for invoicing customers for goods or services rendered by the City and for collecting the payment owed to the City on account of these invoices.

Accounts Receivable is an important asset of the City, and as such, should be safeguarded by appropriate internal controls. This policy and procedure establishes strong internal controls over accounts receivable.

2.1 This policy and procedure applies to the following related parties for which the City provides administrative functions:

- Sudbury Airport Community Development Corporation (SACDC)
- Greater Sudbury Police Services Board (GSPS)
- The City of Greater Sudbury Community Development Corporation (GSCDC)

See Appendices for additional policy and procedures relating to the SACDC and GSPS.

2.2 This policy and procedures may supplement, as required, the following accounts receivable as they are governed by separate legislation and/or policies and procedures:

- Property taxes,
- Provincial Offences Act, and
- Water and wastewater.

2.3 Where invoicing has not occurred in one of the other receivable system noted in section 3.2.9, it is expected that invoicing is to be processed through PeopleSoft and follow the procedures set out in Annex 1.

- 2.4 Where possible, written agreements should exist before goods or services are provided to a customer. The written agreement must be signed by the representative of the parties authorized to do so.

3.0 RESPONSIBILITIES

The collection of accounts receivable is a shared responsibility between the operating departments, Accounts Receivable and Legal Services. All staff will make every effort to collect outstanding accounts receivable as efficiently and effectively as possible.

This section includes general responsibilities in relation to accounts receivable and collection. Responsibilities specific to a software or department will be listed in the Annexes for the relevant software or maintained in the department if they have established their own internal policies and procedures.

3.1 City Council is responsible to:

- 3.1.1 Approve the initiation of legal proceedings for the purpose of collection accounts receivable over \$50,000, where considered appropriate.
- 3.1.2 Approve all non-collectible accounts receivable write offs of the City over \$25,000 plus any related interest on a per account basis.

3.2 The Authorized Person of an Operating Department is responsible to:

- 3.2.1 Ensure customers are invoiced in a timely and accurate manner.
- 3.2.2 Ensure communication to customers regarding collection occurs in a timely and professional manner.
- 3.2.3 Review the aged Accounts Receivable report for their department on a regular basis and follow up on Delinquent Accounts.
- 3.2.4 Provide information to Accounts Receivable staff when requested.
- 3.2.5 Collaborate with Accounts Receivable and Legal Services in collection efforts. This may include additional correspondence or other means of communication in effort to collect the outstanding balances from customers. Any additional communication with customers is to be noted in PeopleSoft Conversations for PeopleSoft Accounts Receivable and tracked in a method determined by the operating departments for other accounts receivable systems.
- 3.2.6 Ensure where ongoing services are provided to a customer that has become a Delinquent Account, to notify the customer that continued access to the services may be denied, until payment in full is made, or alternative repayment is arranged.
- 3.2.7 Collaborate with Accounts Receivable as to which accounts to send to the Collection Agency and which accounts are to be managed by Legal Services.

- 3.2.8 Ensure that customers that are not or are no longer eligible for credit that payment in advance has been secured before receiving any future services.
- 3.2.9 Transfer receivables recorded in their accounts receivable software to the Collection Agency. This applies to:
- Leisure Services (Registration Activity/Facility Booking software – currently Class)
 - Library Services (Millenium)
 - Parking (MES)
 - Finance – Accounting (NSF)
 - Pioneer Manor (Point Click Care)
 - POA (Provincial Offences Act).
- 3.2.10 Ensure that the affected Manager/Director and ELT Member have been advised in a timely manner of Delinquent Accounts.
- 3.3 The Executive Director of Finance, Assets and Fleet (Treasurer) is responsible to:
- 3.3.1 Submit non collectible accounts receivable write off requests to Council in accordance with the guidelines established herein.
- 3.3.2 Approve all non-collectible accounts receivable write offs of the City greater than \$1,000 but less than \$25,000 plus any related interest on a per account basis.
- 3.4 The Manager of Accounting/Deputy Treasurer is responsible to:
- 3.4.1 Manage the overall Accounts Receivable and Collection Policy and Procedure.
- 3.4.2 Recommend to the Treasurer any write offs greater than \$1,000 plus any related interest on a per account basis.
- 3.4.3 Approve all non-collectible accounts receivable write offs of the City of Greater Sudbury less than \$1,000 plus any related interest on a per account basis.
- 3.4.4 Advise the Treasurer of any accounts that have been transferred to Legal Services.
- 3.4.5 Approve any of the following:
- I. Reversal of interest on account where payment comes within five (5) business days grace period (i.e. minor charges of interest from date payment received to the posting date).
 - II. Reversal of interest where payment may be late but ultimately paid in a reasonable amount of time and the customer has a history of timely payments.

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III. Reversal of interest caused by City error, such as applying payment to incorrect account.

IV. Removal of nuisance balances of interest for customers in good standing.

The above adjustments can be delegated by the Manager to designated staff for amounts less than \$50.

3.4.6 Approve Repayment Arrangements for Delinquent Accounts.

3.4.7 Approve change in payment terms from 30 days to a longer term at the request of the operating department.

3.4.8 Approve waiving of interest to be charged to customer accounts.

3.5 The Supervisor of Accounts Receivable is responsible to:

3.5.1 Manage the daily functions relating to Accounts Receivable and collection including Accounts Receivable staff.

3.5.2 Collaborate with operating departments to resolve disputed invoices/accounts, reconciling balances and resolving customer issues.

3.5.3 Negotiate and recommend Repayment Arrangements to the Manager of Accounting/Deputy Treasurer.

3.5.4 Identify and recommend to the Manager of Accounting/Deputy Treasurer accounts to be written off.

3.5.5 Monitor on a regular basis the activities of the Collection Agencies.

3.5.6 Transfer uncollectible Accounts Receivable greater than \$25,000 to Legal Services in consultation with the Manager of Accounting/Deputy Treasurer.

3.5.7 Prepare and circulate a detailed monthly aged accounts receivable report for all accounts over due by 60 days or more to the Manager of Accounting/Deputy Treasurer and the Treasurer.

3.6 The Accounting Analyst – A/R - is responsible to:

3.6.1 Collaborate with the operating department in collection efforts.

3.6.2 Recommend write offs to the Supervisor of Accounts Receivable when appropriate.

3.7 Legal Services is responsible to:

3.7.1 Take whatever action is appropriate to bring the account into Good Standing, referred to their section by Accounts Receivable.

3.7.2 Initiate legal proceedings for the purpose of collecting accounts receivable less than \$50,000, where considered appropriate.

3.8 PeopleSoft - Finance

Additional guidance is set out in Annex 1. This includes specific responsibilities, policies and procedures in the processing and monitoring of transactions through PeopleSoft Finance.

3.9 Leisure Services – Recreation Activity/Facility Booking software

The Leisure Services Division must follow the same principles as identified in this policy, however manages its own financial software. Additional guidance is set out in Annex 2 which includes specific responsibilities, policies and procedures in the processing and monitoring of transactions through the Leisure Recreation Activity/Facility Booking software.

3.10 Pioneer Manor – Point Click Care

Additional guidance is set out in the Pioneer Manor Accounts Receivable and collections Policies and Procedures.

4.0 SEGREGATION OF DUTIES

Segregation of Duties (SoD) separates roles and responsibilities to ensure that an individual cannot process a transaction from initiation through to collection without the involvement of others and thereby reduces the risk of fraud.

SoD is achieved for Accounts Receivable by the following duties being undertaken by different individuals:

- I. The billing for goods and services is initiated by an Employee in the operating department responsible for delivering the goods and/or services.
- II. The Invoice should be prepared or approved by an alternate Employee.
- III. Payments should be accepted and posted by an alternate Employee.
- IV. Adjustments to customer accounts are recommended by staff and require approval.
- V. Collection steps are performed by the operating department, Finance and Legal Services.

In limited situations, where it is not practical to meet the minimum requirements listed in this policy, please contact the Supervisor of Accounts Receivable in Finance to establish alternative procedures and mitigating controls such as increased supervision, job rotation or regular review of transactions.

5.0 SOUND ACCOUNTS RECEIVABLE MANAGEMENT

The fundamental rule of sound accounts receivables management is to minimize the time between a sale and the cash collection for that sale. The longer it takes to collect the cash owed for the provision of goods or services, the greater the risk that amounts owed will become uncollectible.

The reduction of invoicing is a proactive measure to increase cash flow and prevent Delinquent Accounts.

Policies to achieve the reduction of invoicing are as follows:

- I. Offer Standard Payment Options;
- II. Offer pre-authorized payment;
- III. Minimum invoice amount of \$50, unless specifically allowed in accordance with this policy;
- IV. Administration fee for invoices less than \$50, unless waived specifically in accordance with this policy; and
- V. One time only sales should not be offered credit.

5.1 Offer Standard Payment Options

All Employees should engage in proactive and preventative actions to reduce credit sales.

The exceptions to Standard Payment Options for City payment locations are:

- I. Pioneer Manor which is collecting money from residents for which pre-authorized payment plans have been established; and
- II. Other locations where Standard Payment Options are not available.

5.2 Pre Authorized Payment (PAP)

5.2.1 Program set up

Pre Authorized Payments can be offered to customers. Operating departments interested in setting up PAP services for their area are to contact the Co-ordinator of Accounting. These can be set up for monthly, quarterly or annual withdrawals. [Refer to Policy and Procedures for PAP – to be drafted]

5.2.2 Customer management

To add new customers to an existing PAP program for PeopleSoft, contact the Supervisor of Accounts Receivable.

5.3 Invoices less than \$50

5.3.1 Minimum Invoice Amount of \$50

The minimum limit permitted to be invoiced for goods or services is \$50. Amounts due of less than \$50 must be paid in advance or at the time the goods or services are provided using Standard Payment Options. Exceptions are:

- I. returned cheque fees invoiced;
- II. invoices of lesser amounts to regular customers that have been approved for credit;
- III. invoices of lesser amounts where the sale and/or service has been provided and the customer does not have available cash, cheque, debit or credit card to make payment (for example: customer exiting landfill site has already utilized service);
- IV. invoices to City retirees for group benefits, and
- V. invoices less than \$50 approved by the Manager of Accounting/Deputy Treasurer or designate for unforeseen circumstances.

Department Managers, Directors and the Supervisor of Accounts Receivable will monitor compliance to this requirement.

5.3.2 Administration Fee for Invoices Less than \$50

An administration fee is to be charged to the customer in accordance with the Miscellaneous User Fee By-Law for invoices less than \$50. Administration fees will not be charged on:

- returned cheque fees invoiced; and
- fees charged to City retirees for group benefits.

Invoices less than \$5 will not be prepared.

5.3.3 Deposit

Operating departments are encouraged to request a deposit from customers when an estimate for the service may be reasonably calculated. The deposit amount may be less than the estimate. Deposits requested must be made before services may commence.

Once the services are provided, the customer will be billed for the total cost of the service and the deposit will be deducted from the invoice. Deposits are to be recorded in the general ledger to PeopleSoft account 12055-01- Accounts Receivable Interim. Information regarding the deposit such as customer name, address, amount, description of service etc must be submitted to Accounts Receivable to set up the customer and the deposit in PeopleSoft. Interest will not be earned on any deposits held by the City.

6.0 PROCEDURES

6.1 Invoicing

Proper collection procedures begin with invoice preparation. Accuracy in invoicing prevents delays that occur when the customer disputes the invoice and returns it for correction, triggering a chain of events that is time-consuming and often costly. Invoices should be prepared promptly and accurately based on supporting documentation.

Operating departments should establish written procedures, including internal controls to ensure the accurate, timely and completeness of their billing process. Contact Accounting if assistance is required to draft these documents.

6.1.1 Invoicing should occur within 30 days of the date of the delivery of goods or services or at the end of a billing period (i.e. for a month).

6.1.2 Invoices should be prepared at a minimum on a monthly basis. However, invoices for amounts greater than \$5,000 should be prepared as soon as possible.

6.1.3 Invoices must be issued to the correct customer name and should follow the guidelines as set out in the Customer Master File Database Policy [in draft].

6.1.4 Supporting documentation should be included with the invoice and could include:

- I. Extract of contract, agreement or letter showing amount required,
- II. By-Law or resolution of Council,
- III. Document from subsystem indicating date service was provided and quantities of service.

6.1.5 Additional procedures are set out in the following Annexes:

Annex 1 – PeopleSoft Accounts Receivable

Annex 2 – Leisure Recreation Activity/Facility Booking Software.

All other Accounts Receivable management is to be in accordance with the general guidelines set out in this policy and additional departmental policies and procedures are to be maintained by the operating department.

6.2 Preparation of invoices

Invoicing is the responsibility of Accounts Receivable in Finance. Exceptions include:

- Greater Sudbury Police Services Board – in accordance with Annex 1
- Sudbury Airport Community Development Corporation – in Accordance with Annex 1

- Pioneer Manor if processed through Point-Click-Care and
- Leisure Services if processed through the Leisure Recreation/Facility Booking Software.

6.2.1 Payment terms

The City's standard payment terms are 30 days. Exceptions include:

- I. Group benefits for City retirees are not due until December 31 annually.
- II. Donations are not due until December 31 annually.
- III. Lease payments are due upon receipt.
- IV. As specified in an agreement or contract.

Payment terms other than 30 days must be approved in writing by the Manager of Accounting/Deputy Treasurer.

6.3 Interest charges

Amounts in arrears (past due date) will be subject to interest charges, as established by the Miscellaneous User Fee By-law. All invoices, statements, letters and agreements will clearly specify this charge.

There are few instances where interest may not be charged such as Repayment Arrangements. In all cases, the Manager of Accounting/Deputy Treasurer must approve accounts where no interest is to be applied.

Interest is to be charged on principal balances only.

The following accounts receivable will not be subject to interest charges:

- Government agencies (Federal, Provincial and Municipal)
- Related Entities
 - Greater Sudbury Utilities Inc. (consolidated entity)
 - Greater Sudbury Housing Corporation
 - Sudbury and District Health Unit
 - Downtown Sudbury Business Improvement Area Board of Management
 - Flour Mill Business Improvement Area Board of Management
 - Nickel District Conservation Authority
 - Greater Sudbury Community Development Corporation
 - Greater Sudbury Police Services Board
 - Sudbury Airport Community Development Corporation
- Universities and Colleges
- Hospitals

7.0 CREDITS/REFUNDS

7.1 Credit Invoices

7.1.1 A credit invoice should be used whenever an original invoice needs to be reduced or cancelled because:

- I. The customer did not receive the goods or service,
- II. The invoice was issued in error (i.e. wrong customer, quantity or amount),
- III. A deposit is held by the City which must be applied to the invoice, or
- IV. Other valid reason (must be documented).

7.2 Credit on customer accounts

Credits on customer accounts occur in various circumstances:

- Prepayment of a future invoice,
- Invoice was cancelled or reduced after payment was received,
- Deposits made in Engineering Services, where the cost of the work performed is less than the deposit taken, and
- Amount collected by Collection Agency.

7.2.1 Credit accounts that have no activity for 1 year or more:

- and the credit is less than \$10, the balance can be transferred to a miscellaneous revenue account unless the customer requests a refund in which case the amount will be refunded subject to records being available (see Record Retention By-Law).
- and the credit is \$10 or more, the customer may be contacted by mail to keep the credit active or to have a refund issued. The customer will have 3 months to claim the credit; once the deadline has lapsed, the credit accounts will be transferred to a miscellaneous revenue account and will only be refunded by customer request subject to records being available (see Record Retention By-Law).

7.3 Refunds

Payments received in error or paid in excess of the invoice total will be refunded to the payer. No refund will be made if other invoices are outstanding on the customer's account.

Cheques will not be issued for amounts less than \$25 unless approved by the Manager of Accounting/Deputy Treasurer or designate.

8.0 APPLICATION OF PAYMENT

Payments received from a customer can be for numerous invoices and may be partial payments of a particular invoice.

- 8.1 Where a payment is received specifying an invoice, the payment will be applied to the invoice specified by the customer, even if the payment is not the same amount as the invoice total. This will leave disputed or unpaid invoices as outstanding on a customer's account.
- 8.2 Where a payment is received and no specific invoice is indicated the payment will be applied to the oldest amounts (interest before principal) to avoid potential interest being incurred in error.

9.0 COLLECTION PROCEDURES

9.1 General Procedures

9.1.1 Customers with overdue accounts may be contacted directly at any time throughout the collection process to discuss payment of outstanding accounts.

9.1.2 To keep customers advised of their account balances, monthly statements will be mailed to all customers. The statement shall summarize the amount owed, activity in the account during the month and interest charges.

There are minimal instances (for example approved Repayment Arrangements) where statements and/or dunning letters may not be sent to customers and the withholding of these pieces of correspondence must be approved in writing by the Manager of Accounting/Deputy Treasurer (i.e. usually at the request of the customer).

9.1.3 The operating department is primarily responsible for the collection of amounts due. Accounts Receivable transfers accounts to the tax roll, Collection Agency or Legal Services and will assist the operating department in the collection of overdue accounts as required.

9.1.4 Dunning letters are to be sent to the customers indicating that the invoice is overdue. If payment has not been received in accordance with the dunning letter, the operating department and/or Accounts Receivable will review the circumstances of each account and will make recommendations on the appropriate course of action including any of the following:

Internal options:

- Transfer applicable accounts to property taxes:
 - If authorized by applicable legislation. Examples include: trunk water main payments, water/wastewater services, development charges, remedial

work to the property, waste/recycling collection fees, false alarms and fire inspections. Transfers can occur when the services that are transferred can be tied to the property.

- If fee or charge is the responsibility of ALL of the owners of the property.
- Offset the amount owing to the City against a payment owing in Accounts Payable (i.e.: exact same parties, legal/statutory, set-off clause in contract). The entity that is being netted must also be the same legal entity that originated the debt.
- Review Letters of Credit or other performance guarantees on hand to determine ability to apply these to the outstanding balance.
- Review, if applicable, the contract terms and conditions for actions to be taken relative to the outstanding balance. Nonpayment may constitute a breach of contract.
- Solicit further assistance from the Director or ELT Member of the Department responsible for the account.
- Transfer management of the account to Legal Services to assess possible legal recourse options.

External option:

- Send to a Collection Agency.

9.2 Letters of Credit

Letters of Credit are sometimes obtained through the procurement process. Finance maintains a list of all Letters of Credit held. All Letters of Credit secured must include an automatic renewal provision. At the end of each quarter, within 10 days, a list of all Letters of Credit held must be submitted to the Supervisor of Accounts Receivable. The list submitted must include:

- Location of where the Letter of Credit is held;
- Name and address of customer/supplier;
- Customer/supplier number (if applicable/known);
- Name and address of financial institution that issued the Letter of Credit;
- Value of the Letter of Credit;
- Contract name and number for which the Letter of Credit was obtained.

The Supervisor of Accounts Receivable will review the list, and in collaboration with the operating department and Legal Services, determine if the letter of credit can be utilized to reduce the amount owing to the City.

9.3 Repayment Arrangements

9.3.1 Repayment Arrangements can be negotiated by the operating department with the delinquent customer who agrees to pay back their debt, but are unable to repay their debt in one immediate lump sum.

Customers must sign a Repayment Agreement as evidence of their acceptance and City approval of the Repayment Arrangement must be granted in accordance with this policy.

9.3.2 Repayment Arrangements must detail the schedule of payments negotiated with the customer and extend for the lesser of:

- a) the next event/booking/service is provided (i.e. start of next season) or
- b) a period not to exceed 12 months.

Repayment Arrangements must be approved by the Manager of Accounting/Deputy Treasurer and the Manager or Director in the operating department.

Repayment Arrangements that exceed 12 months must be approved by the Treasurer.

9.3.3 In addition to section 9.3.2., all Repayment Arrangements greater than \$5,000 must be approved by the Treasurer and applicable ELT Member.

9.3.4 The customer has provided post dated cheques or has signed up for Pre Authorized Payment for amounts as required by the Repayment Arrangement schedule.

9.3.5 Extension or renegotiation of a Repayment Arrangement agreement must be recommended by the Manager/Director and Manager of Accounting/Deputy Treasurer and approved by the ELT Member and Treasurer before a new Repayment Arrangement may be signed by the customer.

9.3.6 Customers may not be provided with more than two Repayment Arrangements. Subsequent requests will be denied and regular collection procedures as set out in section 9.1.4 will be followed.

9.3.7 On a quarterly basis, the Supervisor of Accounts Receivable will provide the Manager of Accounting/Deputy Treasurer with a list of customer accounts with Repayment Arrangements and their status (i.e. compliant with terms of the Repayment Arrangements).

9.4 Collection Agencies

If the outstanding balance is less than the Small Claims Court limit, currently twenty-five thousand dollars (\$25,000), the customer account may be transferred to a Collection Agency, unless it is determined by the Manager of Accounting/Deputy Treasurer that the account be transferred to the Legal Services.

The Collection Agency's fee is based on a percentage of each account collected as determined through the procurement process and included in the Miscellaneous User Fee By-Law and is paid by the delinquent customer.

The City currently utilizes the service of two Collection Agencies. The City will place the accounts with one Collection Agency. After 9 months, if no progress or recovery has occurred on these accounts they are to be transferred to the second Collection Agency as a second placement.

Every month the Collection Agencies are to provide Accounts Receivable with a status report on accounts referred to them. The Supervisor of Accounts Receivable will review the report and for accounts which have declared bankruptcy, is deceased or the Collection Agency has coded them as uncollectible, the account will be recommended for Write Off.

9.5 Legal Action

Customer accounts may be referred to the City's Legal Services for continued collection efforts.

As per the Delegation of Authority By-Law, the City Solicitor may file suit to collect overdue accounts up to \$50,000 including interest. Approval from Council is required to commence litigation for balances of \$50,000 or more plus related interest.

Accounts may be transferred to Legal Services based on discussions held with Legal Services, Accounts Receivable and the operating department in cases such as:

- Contractual disputes or situations requiring legal interpretation;
- Customer is insolvent or bankrupt;
- Collection Agencies are unsuccessful in collecting funds
- Finance deems the referral of the file to Legal Services will increase the likelihood of collection; or
- Recommended by the ELT Member to pursue legal action.

Pertinent documentation must be provided to Legal Services in a timely manner allowing them sufficient time to initiate legal proceedings, keeping in mind for the most part the City has to operate within a 2 year statutory limitation period.

When Legal Services is successful in collecting all or a portion of the account, the Manager of Accounting/Deputy Treasurer will be advised. Payments received will be applied to the customer's account and Legal Services will be provided with an updated account balance.

When Legal Services believes that the City will not be successful in collecting all or a portion of the account, the Manager of Accounting/Deputy Treasurer will be advised that the process for Write Off should be initiated.

9.6 Bankruptcy and Insolvency Act

When Accounts Receivable receives a notice of bankruptcy, proposal to creditors or other official notification in accordance with the Bankruptcy and Insolvency Act, the Supervisor of Accounts Receivable or designate will review the PeopleSoft receivable for any outstanding balances and will communicate to the operating departments to review their Accounts Receivable system to obtain balances owing to the City.

The Supervisor of Accounts Receivable or designate will complete the Proof of Claim and obtain the Manager of Accounting/Deputy Treasurer's signature and submit such documents to the trustee to confirm the City's claim.

10.0 ALLOWANCE FOR DOUBTFUL ACCOUNTS/ BAD DEBT EXPENSE

On an annual basis the City budgets for a general Allowance for Doubtful Accounts which is then revised based a review of Delinquent Accounts.

10.1 The formula to calculate the Allowance for Doubtful Accounts is based in part on the aging of customer accounts:

30 – 59 days:	25%
60 – 89 days:	50%
90 days and over:	100%

In addition, customer accounts may be specifically identified as Doubtful Accounts and will be 100% allowed for when one (1) of the following occurs:

- Recovery is anticipated to be minimal, based on management's knowledge,
- The account has been transferred to a Collection Agency,
- The City has received notice of bankruptcy from a Trustee in Bankruptcy,
- Litigation has or is anticipated to commence.

When the customer has a Repayment Arrangement in place, and is fully meeting the terms of the arrangement an allowance will not be calculated on the remaining balance. If a payment is missed, or other terms are not met, an allowance will be calculated when the breach occurred.

- 10.2 On a monthly and quarterly basis (as needed) Finance will accrue an estimated increase or decrease to the allowance which will be charged to the City's corporate bad debt expense account.
- 10.3 At year end, based on the customers aging and specifically identified Doubtful Accounts at that time, the bad debt expense will be transferred from corporate to the operating department that generated the invoices for the customer.

11.0 WRITE OFF

An Approval for Write Off request, utilizing the Write Off request form can be initiated by any Authorized Person and is to be submitted to the Supervisor of Accounts Receivable. Write Offs must be approved in accordance with this policy.

- 11.1 Write Off request forms are completed as required in accordance with this policy and shall be done no less than annually.
- 11.2 Doubtful Accounts will be written off when:
- Listed with a Collection Agency:
 - and identified by the Collection Agency as uncollectable, untraceable, deceased, bankrupt or advises that no assets remain to pursue further collection efforts.
 - Or the account has been with the Collection Agency for more than 2 years.
 - Litigation is unsuccessful or deemed unlikely to be successful.
 - The City receives notification of bankruptcy from the Trustee in Bankruptcy,
 - Payments are negotiated for a reduced amount.
 - It is deemed unfeasible to pursue the outstanding amount as the cost to collect would exceed the value of the debt.
 - All collection methods are deemed to have been exhausted.
- 11.3 Write Offs are applied against the related/appropriate Allowance for Doubtful Accounts, or to the Bad Debt Expense account if no allowance was recorded.
- 11.4 Interest adjustments or Write Off
- Where the interest on an account was accrued in the current fiscal year, the interest is reversed to the interest revenue account. Where the interest relates to prior fiscal years then the interest is written off.
- 11.5 An annual report of all Accounts Receivable Write Off's and adjustments will be produced by the Supervisor of Accounts Receivable and reviewed and approved by the Manager of Accounting/Deputy Treasurer and Treasurer.

11.6 The following positions may authorize the Write Off of Doubtful Accounts, if in their opinion all means of collection have been exhausted. Job titles authorized to Write Off receivables and limits are listed below. Within these thresholds, all the listed Employees are able to negotiate settlements with customers on behalf of the City of Greater Sudbury.

- Supervisor of Accounts Receivable and/or Accounting Analyst-A/R – up to \$49 plus related interest
- Manager of Accounting/Deputy Treasurer – up to \$999 plus related interest
- Treasurer – up to \$24,999 plus related interest
- Council - Amounts exceeding \$25,000 plus related interest

11.7 Any monies recovered from the customer subsequent to the Write Off will be posted as a recovery of bad debt (49193-01-DEPT).

12.0 INTERNAL CHARGES

Internal charges must be recorded separately from external revenues as internal charges would overstate the revenues and expenses of the City.

13.0 RETURNED CHEQUES

13.1 Cheques can be returned by the bank for various reasons, such as:

- Account closed
- Funds not available
- Non-sufficient funds (NSF)
- Stop payment.

These cheques are all received in Accounting and are handled in various manners based on the operating department:

13.1.1 For PeopleSoft Accounts Receivable: returned cheque is provided to the Accounting Analyst-A/R to be re-invoiced including the NSF fee.

13.1.2 For Pioneer Manor, Parking, Property Taxes, Leisure Services, SACDC and GSPS: returned cheque is sent back to the operating department to be re-input in their accounts receivable system and ultimate collection including NSF fee.

13.1.3 Other returned cheques are handled by the Accounting Analyst – GL responsible for the bank reconciliation.

In this case, the Accounting Analyst – GL sends a letter to the customer requesting payment of the returned cheque and NSF fee. If payment is not forthcoming, then the account is sent to the Collection Agency.

- 13.2 A returned cheque service charge is added to the account in accordance with the Miscellaneous User Fee By-Law.

A returned cheque fee will not be charged in the event of City error.

Per the Miscellaneous User Fees By-Law the Treasurer has the authority to waive the returned cheque fee, and through this policy delegates this authority to the Manager of Accounting/Deputy Treasurer.

- 13.3 If a customer submits two returned cheques within a twelve (12) month period, cheques will no longer be accepted unless they are "certified". Otherwise, the customer must pay with cash, credit card or debit card before service is provided.

14.0 MONITORING

- 14.1 Aged receivable reporting

A successful collection policy requires that all problems be detected and acted on as early as possible. Problems in individual accounts can be detected through a regular analysis of an aged accounts receivable listing. An aged accounts receivable listing divides each customer's account into invoiced amounts that are: Current, 31 - 60 days old, 61 - 90 days old, 91 - 120 days old and over 121 days. The longer an account is past due, the higher the risk of default. Past due accounts can be identified quickly by reviewing an aged accounts receivable listing, and corrective action can be initiated promptly. As an account gets further behind, the balance may increase due to interest charges and the probability of collection decreases.

14.1.1 On a monthly basis the following staff are responsible to run an aged accounts receivable for their area and ensure appropriate staff are advised of delinquencies for follow up action in accordance with section 3.2 of this policy.

- PeopleSoft – Supervisor of Accounts Receivable
- Point-Click-Care – Manager, Administration Pioneer Manor
- Class {to be replaced} - Lead Facility Booking/Registration Clerk

14.1.2 The Supervisor of Accounts Receivable prepares an aged accounts receivable summary report monthly detailing each outstanding account greater than 60 days, and the status of collection efforts at that date from the reports prepared in 14.1.1 above. This report is reviewed by the Manager of Accounting/Deputy Treasurer and the Treasurer.

Appendix A - Sudbury Airport Community Development Corporation (SACDC)

As the SACDC is a separate entity the approval process for certain items will not follow the City's approval process.

In addition, some processes are conducted SACDC staff instead of City staff as noted in Annex 1.

As noted in section 2.1, in the case of the SACDC approval authority is set out below:

Section	Responsibility	Position or Board
3.3.1	Recommend write offs to the CEO or Board	CEO, Director of Marketing and Airport Development or Director of Airport Operations/Fire Chief
3.4.5	Approve the removal of interest on accounts up to \$10	Airport Accounts Clerk
3.4.5	Approve the removal of interest on accounts up to \$1,000	Director of Marketing and Airport Development
3.4.5	Approve the removal of interest on accounts	CEO
3.4.6	Approve repayment arrangements	CEO
3.4.7	Approve changes in payment terms from 30 days to extended terms	CEO, Director of Marketing and Airport Development
3.4.8	Approve waiving of interest to be charged to customer accounts	CEO, Director of Marketing and Airport Development
3.4.5	Approve account adjustments	CEO, Director of Marketing and Airport Development
3.2.9	Approve account transfer to collection agencies	CEO

Appendix A - Sudbury Airport Community Development Corporation (SACDC)

(continued)

Where the Sudbury Airport Community Development Corporation's (SACDC) accounts receivable are deemed uncollectible, the Write Off approval authorization is as follows:

Dollar Value of Account	Position or Board/Council
\$0 to \$24,999.99	CEO of SACDC
Over \$25,000.00	Board of Directors of the SACDC

Appendix B - Greater Sudbury Police Services Board (GSPS)

As the GSPS is a separate entity the approval process for certain items will not follow the City's approval process.

In addition, some processes are conducted SACDC staff instead of City staff as noted in Annex 1. ;

As noted in section 2.1, in the case of the GSPS approval authority is set out below:

Section	Responsibility	Position or Board
3.3.1	Recommend write offs to the Chief of Police or Board	CAO
3.4.5	Approve the removal of interest on accounts	CAO
3.4.6	Approve repayment arrangements	CAO
3.4.7	Approve changes in payment terms from 30 days to extended terms	CAO
3.4.8	Approve waiving of interest to be charged to customer accounts	CAO
3.4.5	Approve account adjustments	CAO
3.2.9	Approve account transfer to collection agencies	CAO

Where the Greater Sudbury Police Services Board's (GSPS) accounts receivable are deemed uncollectible, the write off approval authorization is as follows:

Dollar Value of Account	Position or Board/Council
\$0 to \$24,999.99	CAO of GSPS
Over \$25,000.00	Greater Sudbury Police Services Board

Annex 1: PeopleSoft Accounts Receivable

This section refers to specific steps that apply to Accounts Receivable managed in PeopleSoft Finance.

1.0 RESPONSIBILITIES

1.1 The Authorized Person of an Operating Department is responsible to:

1.1.1 Submit a Billing Advice to Accounts Receivable for an external party and that:

- I. Services/goods have been provided to the customer. If a partial service/goods has been provided a partial Billing Advice can be submitted.
- II. Contains all required information relating to the customer and accurately describes and quantifies services/goods provided.
- III. Sufficient backup is attached to the Billing Advice which supports the amounts to be billed.
- IV. It is accurate and complete.
- V. It is submitted in a timely manner to Accounts Receivable.
- VI. HST is charged in accordance with HST legislation. Where the operating department is unsure of taxability, Finance – Accounting should be contacted.

1.1.2 Ensure that Billing Advices are prepared in accordance with the terms and conditions of contracts. There are instances where the City provides goods and/or services through contracts or leases and payment terms are set out in these agreements which may differ from the standard City terms as set out in this policy.

1.2 The Supervisor of Accounts Receivable is responsible to:

1.2.1 Approve all account adjustments in accordance with this policy.

1.2.2 Approve all account transfers to collection agencies less than \$25,000.

1.2.3 Prepare and forward dunning letters to customers.

1.2.4 Approve all refunds.

1.3 The Accounting Analyst – A/R - is responsible to:

1.3.1 Review billing advices submitted ensuring that the supporting documentation provides sufficient evidence that the service has been provided, that the amounts are accurate and the correct customer is invoiced.

1.3.2 Prepare and send invoices to customers based on Billing Advices received from operating departments.

Annex 1: PeopleSoft Accounts Receivable (continued)

- 1.3.3 Prepare and forward statements of account to customers.
- 1.3.4 Respond to customer inquiries in a timely and diplomatic fashion.
- 1.3.5 Ensure that all legitimate interest charges are collected fully unless otherwise authorized.
- 1.3.6 Ensure all account adjustments are controlled via properly authorized documentation and approval.
- 1.3.7 Upon approval, prepare the backup documentation required for the transfer of accounts to the collection agencies.
- 1.3.8 Ensure that the customer account accurately reflects the collection status code indicating that they have been transferred to a collection agency.
- 1.3.9 Prepare and circulate monthly aged accounts receivable trial balances to operating departments and the Executive Leadership Team (ELT) Member.
- 1.3.10 Ensure that payments for repayment arrangements are received on schedule and reflected in PeopleSoft and advise the Supervisor of Accounts Receivable if the payment has not been received or is NSF.

1.4 Manager of Accounting - Approve any of the following:

- 1.4.1 Reverse interest on account where payment comes within five (5) business days grace period (i.e. minor charges of interest from date payment received to the posting date).
 - I. Reverse interest where payment may be late but ultimately paid in a reasonable amount of time and the customer has a history of timely payments.
 - II. Reverse interest caused by City error, such as applying payment to incorrect account.
 - III. Review and approve the removal of nuisance balances of interest for customers in good standing.

The above adjustments can be delegated by the Manager to the Supervisor of Accounts Receivable and/or the Accounting Analyst-A/R for amounts less than \$50.

Annex 1: PeopleSoft Accounts Receivable (continued)

2.0 SEGREGATION OF DUTIES

Segregation of Duties (SoD) separates roles and responsibilities to ensure that an individual cannot process a transaction from initiation through to collection without the involvement of others and thereby reduces the risk of fraud.

SoD is achieved for accounts receivable by the following duties being undertaken by different individuals:

- I. The billing for goods and services is initiated by an employee in the operating department responsible for delivering the goods and/or services.
- II. The billing is approved by an Authorized Person in the operating department.
- III. The invoicing and recording of the accounts receivable is done by employees in Accounts Receivable, Finance.
- IV. Payments are accepted and posted by a separate individual in Accounts Receivable, Finance.
- V. Adjustments to customer accounts are recommended by operating departments and approved by authorized staff in Finance and processed by an Accounting Analyst-A/R in Finance.
- VI. Collection steps are performed by the operating department, Finance and Legal Services.

3.0 PROCEDURES

3.1 Billing Advice

Proper collection procedures begin with billing and invoice preparation. Accuracy in Billing Advices prevents delays that occur when the customer disputes the invoice and returns it for correction, triggering a chain of events that is time-consuming and often costly. Invoices should be prepared promptly and accurately based on Billing Advices and supporting documentation provided.

Operating departments should establish written procedures, including internal controls to ensure the accurate, timely and completeness of their billing process. Contact Accounting if assistance is required to draft these documents.

Annex 1: PeopleSoft Accounts Receivable (continued)

3.1.1 Billing Advices are to be completed by the operating department when a good or service is provided to an external party (customer). See template on J:\S_Forms\Finance\Accounting Forms\Billing Advice HST. The Billing Advice must contain at minimum, the following information:

- Billing Date
- Billing Source
- Billing Number (as determined by the department)
- Customer information as per 5.2.2 (including customer number if known)
- Quantity of goods and description of service
- Amount (including unit of measure, number of units, HST applicability)
- Payment terms (if other than standard, to be approved)
- Period when service was provided (month and year)
- General Ledger account number to credit
- Department name
- Printed Name of Authorized Person
- Signature of Authorized Person
- Phone extension for department staff to contact for questions.

3.1.2 Billing Advices are to be submitted to Accounts Receivable in a timely manner, and at minimum within 30 days of the date of the delivery of goods or services or at the end of a billing period (i.e. for a month).

3.1.3 The information provided on the Billing Advice must be sufficient to set up the Customer account [see Customer Master File Database Policy to be drafted].

3.1.4 Supporting documentation must be attached to the Billing Advice and must include as examples:

- IV. Extract of contract, agreement or letter showing amount required,
- V. By-Law or resolution of Council,
- VI. Document from subsystem indicating date service was provided and quantities of service, or
- VII. Any backup that is to be mailed out with the invoice.

Annex 1: PeopleSoft Accounts Receivable (continued)

3.1.5 Billing Advices are to be sent to Accounts Receivable via interoffice or email at accounts.receivable@greatersudbury.ca. Emailed Billing Advices have to be signed by the Authorized Person or emailed from the Authorized Person's email address (this will serve in place of a physical signature on the Billing Advice).

Greater Sudbury Police Services Board and the Sudbury Airport Community Development Corporation have been provided access to enter their Billing Advices directly into PeopleSoft. Assigned staff in these areas are responsible as would be the Accounting Analyst-A/R in Finance in relation to these duties.

3.1.6 Billing frequency

Billing Advices should be prepared and forwarded to Accounts Receivable at a minimum on a monthly basis. However, billing advices for amounts greater than \$5,000 should be forwarded as soon as possible. Exceptions include:

- Group benefits invoiced to City retirees once per year.
- Donations invoiced for tracking purposes are invoiced as required.

3.1.7 Recurring billing

When the City provides regular services or goods to a customer for a set period of time, for a set price, a billing advice can be submitted for the period in question. The billing advice or a signed agreement must be provided by the operating department to Accounts Receivable and must note the frequency of billing and term.

The Accounting Analyst-A/R will then bill the customer on a recurring basis for the term noted on the billing advice or in accordance with the signed agreement.

At the expiration of the agreement the Accounting Analyst-A/R will contact the operating department to obtain documentation to support the extension of the billing period or confirm that the billing should cease.

3.2 Preparation of invoices

Invoicing is the responsibility of Accounts Receivable in Finance. Invoice requests, including credit requests should be forwarded to Accounts Receivable for processing. Exceptions are staff for the Greater Sudbury Police Services Board and the Sudbury Airport Community Development Corporation, as they have been provided access to generate their own invoices into the PeopleSoft Billing module with their own letterhead.

Annex 1: PeopleSoft Accounts Receivable (continued)

3.3 Payment terms

The City's standard payment terms are 30 days. Exceptions include:

- I. Group benefits for City retirees are not due until December 31 annually.
- II. Donations are not due until December 31 annually.
- III. Lease payments are due upon receipt.
- IV. As specified in an agreement or contract.

Payment terms other than 30 days must be approved in writing by the Manager of Accounting/Deputy Treasurer and will then be appropriately recorded in the Accounts Receivable software system.

3.4 Interest charges

Interest revenue generated will be recorded in Corporate Revenue.

3.5 Special Circumstances

Receivables for Accident Damages – In cases where the receivable is the result of a recovery for damages caused by accidents, the invoice will be sent to the insurance company involved and not the individual or company responsible for the accident unless the individual or company was uninsured at the time of the accident.

3.6 Credit Invoices

A credit invoice should be used whenever an original invoice needs to be reduced or cancelled because:

- I. The customer did not receive the goods or service,
- II. The invoice was issued in error (i.e. wrong customer, quantity or amount),
- III. A deposit is held by the City which must be applied to the invoice,
- IV. An invoice payment was received and deposited directly to a department's revenue account in error, or
- V. Other valid reason (must be documented).

3.6.1 A credit billing advice will be signed by an Authorized Person and must be approved by the Supervisor of the Authorized Person that issued the original billing advice.

Annex 1: PeopleSoft Accounts Receivable (continued)

3.6.2 The credit billing advice must reference the original billing advice submitted and original invoice number that must be credited. If the credit is to correct an internal error (error in posting) the invoice will not be mailed out to the customer. All other credits are to be mailed to the customer.

3.6.3 The Accounting Analyst-A/R will apply the credit to the invoice in a timely manner to avoid/reduce possible charges of interest that would need to be reversed.

3.7 Credit on customer accounts

3.7.1 On a monthly basis the Accounting Analyst-A/R will review the aged customer report and identify customer accounts with credit balances. The Accounting Analyst-A/R will review the customer's account, identify the cause of the credit and make any corrections necessary. If the final result is a credit on the account, the Accounting Analyst-A/R will run the process in PeopleSoft to create a refund request which will be processed by Accounts Payable.

Credit accounts that have no activity for 1 year or more:

- and the credit is less than \$10, the balance can be transferred to the corporate miscellaneous revenue account unless the customer requests a refund in which case the amount will be refunded subject to records being available (see Record Retention By-Law).
- and the credit is \$10 or more, the customer may be contacted by mail to keep the credit active or to have a refund issued. The customer will have 3 months to claim the credit; once the deadline has lapsed, the credit accounts will be transferred to the corporate miscellaneous revenue account and will only be refunded by customer request subject to records being available (see Record Retention By-Law).

3.8 Refunds

All Refund Request for A/R Customers forms must be signed and approved by the Supervisor of Accounts Receivable.

3.9 Application of Payment

Payment received from a customer can be for numerous invoices and may be partial payments of a particular invoice. Some payments may be received in error or for services that have not been processed through the PeopleSoft Accounts Receivable system.

Annex 1: PeopleSoft Accounts Receivable (continued)

- 3.9.1 Where a payment is received specifying an invoice, the payment will be applied to the particular invoice specified by the customer, even if the payment is not the same amount as the invoice total. This will leave disputed or unpaid invoices as outstanding on a customer's account.
- 3.9.2 Where a payment is received and no specific invoice is indicated the payment will be applied to the oldest amounts (interest first before principal) to avoid potential interest being incurred in error.
- 3.9.3 Where a payment is received and it is not from an active customer in PeopleSoft, or other receivable system as noted in section 3.2.9, the amount is to be deposited into the corporate miscellaneous revenue account (49150-01-0120) and the procedures in the Cash Handling Policy and Procedures, section 5.7.4 are to be followed to identify the correct recording of the deposit.

3.10 Collections

Collection efforts by any CGS staff person either in an operating department or Finance should be noted in PeopleSoft Conversations which can be viewed by all staff.

Accounts Receivable does not contact customers other than via invoices, statements and dunning letters.

- 3.10.1 Dunning letter #1 is issued two weeks after the due date and is a friendly reminder of the "past due" amount. The Dunning letter advises that City services can be withheld until the account is paid in full or a Repayment Arrangement is made. Where applicable the Accounting Analyst-A/R or Supervisor of Accounts Receivable will recommend to the operating department that services should cease and for the operating department to advise the customer that services will no longer be provided or to make Repayment Arrangements.
- 3.10.2 Dunning letter #2 is sent 30 days after Dunning letter #1 and advises the customer that if they do not contact the City or make a payment within 15 days, the overdue accounts will be sent to a collection agency, transferred to the tax roll, legal action may commence or offset against invoices owed to them by the City.
- 3.10.3 If payment has still not been received after the 15 days have passed, as stated in dunning letter #2, the Supervisor of Accounts Receivable will review the circumstances of each account and will make recommendations on the appropriate course of action.

Annex 1: PeopleSoft Accounts Receivable (continued)

3.10.4 The Supervisor of Accounts Receivable will review all accounts over 60 days and determine if these customers are owed money through the City's Accounts Payable section. If yes, the Supervisor of Accounts Receivable will decide if it is appropriate to put the Accounts Payable vendor on hold so that the City does not make any further payments to the vendor until such time as the accounts receivable have been paid. If an Accounts Payable account has been put on hold it will be noted on the report prepared at 14.1 above.

3.11 Write off

PeopleSoft is configured to automatically Write Off under or over payments less than \$1.00.

4.0 REVIEW OF BILLING INFORMATION

On a monthly basis, after month end has closed, the Accounting Analyst – A/R will run the CGS_AR_Monthly_Billing query. The Accounting Analyst – A/R will review customers on this query for which monthly billing should have occurred, as coded in “Billing Cycle Identifier” and follow up with the operating departments to determine why Accounts Receivable did not receive monthly billing as it has historically occurred. If services have ceased to be provided to the customer that is a Delinquent Account, the Accounting Analyst-A/R is to advise the Supervisor of Accounts Receivable who will determine whether additional collection steps are required, or speed up the collection process to ensure collection of the account at the earliest date possible. Once final payment on account has occurred the customer should be inactivated.

5.0 MONITORING

5.1 On a monthly basis the Accounting Analyst-A/R will send an aged accounts receivable email providing a link to the monthly aged reports to the appropriate operating departments, including the ELT Member to assist operating department in monitoring and collecting outstanding accounts.

5.2 Billing Amounts

On a quarterly basis the Supervisor of Accounts Receivable will run a query of billing amounts noting any invoices that are less than \$50, for compliance with this policy and for large invoices, over \$5,000 to ensure frequency of billing is adequate enough to reduce the risk to the City.

Annex 2: Leisure Recreation Activity/Facility Booking Software

This section refers to specific steps and authority that apply to Accounts Receivable managed in the Leisure Services Division through its Leisure Recreation Activity/Facility Booking Software.

- 1.1 Lead Facility Booking/Registration Clerk duties include:
 1. Preparing, tracking and mailing and following up on dunning letters to customers.
 2. Actively collecting overdue accounts receivable including collection of accounts in a timely and diplomatic fashion.
 3. Calculating and adjusting customer balances to include interest charges.
 4. Ensuring that all legitimate interest charges are collected unless otherwise authorized.
 5. Ensuring all account adjustments are properly authorized.
 6. Preparing and circulating monthly aged accounts receivable reports to the Leisure Services Division and to the Supervisor of Accounts Receivable.
 7. Determining what accounts are required to be forwarded to the Collection Agency and preparing the backup documentation that is required for the transfer of accounts to the Collection Agency.
 8. Ensuring that the customer account accurately indicates that it has been transferred to a Collection Agency.
 9. When appropriate, determining and facilitating account Write Offs.
- 1.2 The Lead Facility Booking/Registration Clerk has the authority, for amounts less than \$50, to initiate the following specific transactions:
 1. Reverse interest on account where payment comes within five (5) business days grace period (i.e. minor charges of interest from date payment received to the posting date).
 2. Reverse interest where payment may be late but ultimately paid in a reasonable amount of time and the customer has a history of timely payments.
 3. Reverse interest caused by City error, such as applying payment to incorrect account.
 4. Review and approve the removal of nuisance balances of interest for customers in good standing.

Annex 2: Leisure Recreation Activity/Facility Booking Software (continued)

- 1.3 The Lead Facility Booking/Registration Clerk will review all accounts over 60 days and make a determination if these customers are owed money through the City's Accounts Payable section. If yes, the Lead Facility Booking/Registration Clerk will make a determination if it is appropriate to put the Accounts Payable vendor on hold so that the City does not make any further payments to the vendor until such time as the accounts receivable have been paid. If an Accounts Payable account has been put on hold it will be noted on the report prepared at 14.1 above and the customer will be notified.