



TOWN OF HINTON

POLICY TITLE: Accounts Receivable Collection and Write off Policy

POLICY #: 105

EFFECTIVE DATE: September 6, 2016

**ADOPTED BY
COUNCIL ON:** September 6, 2016

POLICY STATEMENT

To establish standard procedures for the collection of non tax overdue accounts and set authorization levels to write off delinquent accounts.

1. SCOPE

1.1 This policy applies to all delinquent non tax receivable accounts resulting from operations. It establishes guidelines for determining which delinquent accounts receivable should be considered as a bad debt and be written off.

2. DEFINITIONS

2.1 Accounts Receivable – Includes all non tax debt owed by the private sector, other government departments or agencies.

2.2 Overdue Accounts – An account with an outstanding balance past the due date.

2.3 Bad Debt Accounts - An account meeting all or any of the following conditions:

- The balance owing on any account other than the Property Tax Account remains outstanding for more than 60 days past the due date.
- A customer has moved not leaving a forwarding address and cannot be located.
- The account holder has filed bankruptcy or has gone into receivership.
- All internal and external means of collection have been exhausted.

3. RESPONSIBILITIES

3.1 Every effort will be made to collect all accounts. All interest and penalty charges are part of the outstanding debt for collections. After every effort to collect has been made and the account is more than 90 days in arrears it may be sent to collections.

3.2 On a periodic basis a list of the overdue accounts is presented to the Director of Corporate Services.

3.3 An overdue balance including all interest and penalties will be transferred to the tax account if it pertains to that property as outlined in the Municipal Government Act Section 553.

4. ACCOUNTS RECOMMENDED FOR WRITE OFF

- 4.1 Size of Account – Extensive collection effort for small accounts is not cost effective and exceeds the value of the debt.
- 4.2 Age of Account – The longer an account has been delinquent, the harder it is to collect. Unpaid Accounts after 3 years will be recommended for write off.
- 4.3 Prior Collection Attempts – All accounts returned by a collection agency as uncollectable will be recommended for write off.
- 4.4 Special Circumstances – Special circumstances shall be evaluated by the Director of Corporate Services on a case basis. An account recommended for write off due to special circumstances will not set a precedent.

5. ACCOUNTS AUTOMATICALLY WRITTEN OFF

- 5.1 Discharged Bankruptcy – The account has been discharged through bankruptcy court and the file has been noted with the date filed, number, court district and date of discharge.
- 5.2 Billing errors – The account has been billed in error.

6. AUTHORITIES

- 6.1 Approval for writing off accounts is according to the following limits.
 - \$.01 to \$100.00 – Director of Corporate Services
 - \$100.01 to \$500.00 - Jointly CAO and the Director of Corporate Services
 - \$500.01 and over - Council

7. REPORTING

- 7.1 Accounts under \$500 that are written off will be presented to Council, as an information item.
- 7.2 All balances that are written off will be maintained in a list for future reference. If the account holder at any time wants to open up a new account, this balance will be applied to the new account for collection.
- 7.3 A write off of an uncollectable account does not constitute forgiveness of the debt and is still payable by the debtor.
- 7.4 If the account holder has filed for bankruptcy or receivership and the courts have settled the accounts then the outstanding amounts can be taken off the list for future reference and collections.