

Policy

POLICY TITLE: COLLECTIONS AND BAD DEBT POLICY

POLICY NO.: ADM-12-22

RESOLUTION: 264-17

EFFECTIVE DATE: 2017-07-12

DEPARTMENT RESPONSIBLE: Administration

NEXT REVIEW DATE: N/A

PURPOSE:

To provide administration with guidelines for the effective collection of outstanding monies owed to the municipality and the writing off of debts that have been determined to be uncollectable.

BACKGROUND

The Municipal District of Lesser Slave River recognizes that the effective collection of outstanding monies is important to maintaining the financial position of the municipality.

The Council for the Municipal District of Lesser Slave River proposes to accomplish this by establishing a policy and procedure for the effective collection of accounts receivable.

DEFINITIONS

"Uncollectable" - For purposes of this policy, "uncollectable" means outstanding accounts that have had no payments or response from the debtor for a period of 90 days from the date that the last collection efforts were made.

POLICY STATEMENTS

1. This policy only refers to the collection of trade accounts receivable and utilities receivable. The collection of property taxes including those for non-titled lands (leases and oil wells) are legislated through the Municipal Government Act and therefore will not be addressed in this policy.
2. The Director of Finance is responsible for the effective implementation of this policy.
3. Approved collection actions include the issuance of statements and/or delinquency/arrears letters, phone calls to debtors, transferring eligible debts to taxes as per the Municipal Government Act, referring outstanding accounts to a collection agency as well as legal action.

4. Appendix A identifies the approximate timelines of when these actions are to occur in the collection process.
5. Sufficient documentation of the collection efforts must be maintained during the process to not only ensure the collectability of the debt, but also to provide evidence of collection efforts if legal action is required.
6. The use of external agencies to assist in the collection of outstanding accounts should only be taken when all reasonable efforts available to staff have been exhausted.
7. All outstanding accounts that are being sent to external agencies should be recorded in the "Allowance for Doubtful Accounts" listing for accounting purposes.
8. Minimum thresholds for the use of external agencies shall be:
 - Collection Agency - \$100.00
 - Legal Action - \$1,000.00
9. The use of external agencies for actions taken under this policy must be formalized through an executed agreement.
10. The Director of Finance has discretion to deviate from process outlined in Appendix A if the resulting actions are deemed to be in the best interest of the municipality.
11. Cancellation and/or the adjustment of accounting and/or clerical errors identified during the collection process that are greater than \$5.00 require approval from the Director of Finance.
12. Collection action only stops when account is paid in full or when all efforts outlined in Appendix A have been exhausted and the outstanding amount is determined to be uncollectable.
13. Accounts that have been determined to be uncollectable are to be written off as bad debts for accounting purposes.



14. The authority to write off bad debts is based on monetary value and is set out below:

Finance Staff – utility and trade receivable accounts \$5.00 or less

Director of Finance – utility and trade receivable accounts \$100.00 or less

Council – utility and trade receivable accounts greater than \$100.00

15. At least once per year, the Director of Finance shall report the bad debts written off by Administration as well as those outstanding accounts over \$100.00 that need to be reviewed and declared as bad debts by Council.

16. Outstanding accounts that are written off are not deemed to have been forgiven.

17. A listing of all bad debts shall be maintained by the Finance department and checked periodically to enable recovery of the debt should the debtor require services from the municipality in the future.

18. No new services will be provided until the outstanding bad debt is paid in full by the debtor.

SUPPORTING REFERENCES AND RESOURCES

References to related organization-wide procedures, forms and resources:

- None

References to related Municipal District policies and bylaws:

- None

_____"Original Signed"_____
Chief Administrative Officer

_____" July 12, 2017 _____
Date

_____"Original Signed"_____
Reeve

SPECIAL NOTES/CROSS-REFERENCE: ADM-12-22 Supersedes B28

AMENDMENT DATE: Click or tap to enter a date.

