

# POLICY

	Policy:	<b>Accounts Receivable - Billing</b>		
	Department:	Corporate Services		
	Division:	Financial Services	By-Law No.:	N/A
	Administered By:	Treasurer	Approval Date:	Dec 11, 2023
	Replaces:	Accounts Receivable – Billing (February 29, 2016)		
	Attachment(s):	N/A		

## 1. POLICY STATEMENT

- 1.1. The Corporation of the Town of Amherstburg is committed to governing the issuance of necessary accounts receivable billings that are in the best interest of, and support the Town's operations.

Payments can be made at Town Hall except in the form of credit card and email transfer or through the Online Payment Portal on the Town website.

## 2. PURPOSE

- 2.1. This policy provides guidelines that will facilitate timely, accurate, consistent, and properly authorized issuance of account receivable billings that in turn support efficient and effective collection of those receivables.

## 3. SCOPE

- 3.1. This policy also applies to all Town of Amherstburg employees, elected and appointed officials of the Town of Amherstburg, agencies, boards and commissions and committees funded by the Town of Amherstburg, in whole or in part, or whose governing body includes Town of Amherstburg representation and whose financial transactions are accounted for within the Town of Amherstburg.
- 3.2. Accounts receivable billings include all charges invoiced by Town departments and relevant agencies, boards, commissions and committees for goods, services, and financial commitments to the Town, excluding property taxes which are not invoiced
- 3.3. This policy is not intended to facilitate the establishment of lending criteria through credit applications, credit checks, or other standardized means of extending credit.
  - 3.3.1. Departments must evaluate any known risks through past experiences, prior financial dealings, or potential insolvency prior to providing goods and services.
- 3.4. This policy shall be reviewed every five (5) years from the date it becomes effective, and/or sooner at the discretion of the CAO or designate.

## 4. DEFINITIONS

- 4.1. **Collection Agency** also known as a “debt collector,” is a business that pursues payments of debts owed by individuals or businesses. Most collection agencies operate as agents of creditors.

Common definitions, acronyms, and terms are available in the Glossary located on the Town's Policies webpage.

## **5. INTERPRETATIONS**

Any reference in this policy to any statute or any section of a statute shall, unless expressly stated, be deemed to be reference to the statute as amended, restated or re-enacted from time to time. Any references to a by-law or Town policy shall be deemed to be a reference to the most recent passed policy or by-law and any replacements thereto.

## **6. GENERAL CONDITIONS**

### **6.1. Billing Guidelines**

- 6.1.1. Section 391 of the Municipal Act, 2001, allows a municipality to pass By-laws imposing fees or charges on any class of persons for services or activities or for the use of its properties.
  - 6.1.1.1. All corporate billings that are allowable charges under Section XII of the Municipal Act, 2001, must also reflect the fees as scheduled within the most current Council approved User Fee By-law.
  - 6.1.1.2. Any and all other invoices must be in compliance with applicable Council resolutions, agreements and contracts.
- 6.1.2. The standard payment term is thirty (30) days from point of sale, where default financial system settings should be applied accordingly.
  - 6.1.2.1. Exceptions are permitted where specific and contractual arrangements have been made and authorized in advance.
- 6.1.3. Amounts under twenty (20) dollars for products and services must be collected at the point of service or delivery of product and cannot be billed through the accounts receivable system.
- 6.1.4. Disputed billings in whole or in part, which cannot be supported by the issuing departments, must be reversed.
- 6.1.5. Departments must issue, interest bearing, accounts receivable billings to ensure timely payment and maximize interest revenue unless the billings fall under Section 6.1.6.1.
- 6.1.6. Interest bearing accounts receivable billings must be supported by a binding contract, agreement or written acknowledgment in order to facilitate collection thereof.
  - 6.1.6.1. Town departments are to develop and execute contractual agreements allowing for the addition of late payment charges as approved by Council as outlined in the Town's User Fee By-law.

- a. Accounts receivable billings not supported by way of binding contract or agreement or written acknowledgment must be issued as non-interest bearing.
  - b. Billings with payment terms exceeding thirty (30) days and/or specially contracted interest rates may be established with the assistance of the Treasurer.
- 6.1.7. When departments have been advised of an account that has become seriously delinquent, the Treasurer should consider discontinuation of services. Delinquency of the account shall be dependent on the type of accounts receivable billing, the amount, and due date of the original billing.
- 6.1.7.1. Where service has been discontinued, prior to re-instating, the department Director shall contact the Financial Services Division to verify the customer's payment status.

## 6.2. Types of Billings

- 6.2.1. A/R Trade Receivables – Invoices generated from the Town financial system billed out to a customer for goods and/or services with payments terms thirty (30) days, but less than one (1) year from the invoice date.
- 6.2.2. Long Term Receivables – Invoices generated from the Town financial system, billed out to a customer with a portion of payment due greater than one (1) year from the invoice date.
- 6.2.3. Contracts/Agreements – Commonly used for long-term arrangements or special circumstances, accompanied by an accounts receivable invoice generated from the Town financial system.
- 6.2.4. Return Item– Billings issued by the Financial Services Division for payments returned by a banking institution (NSF, Stopped Payments, Close Accounts, etc.). Refer to the Return item policy, as additional charges will be added.

## 6.3. Issuing of Billings

- 6.3.1. Customers will be billed immediately upon product delivery and/or service completion.
- 6.3.2. Account receivable billings must be accurate and contain the following:
- 6.3.2.1. Customer legal name and address;
  - 6.3.2.2. Reference to a specific department or position and avoid reference to a specific individual;
  - 6.3.2.3. Amount billed and amount of applicable taxes;
  - 6.3.2.4. Interest bearing or non-interest bearing, and;
  - 6.3.2.5. Inclusion of attaching documents where applicable.

- 6.3.3. All corporate billings shall be properly authorized and supported.
  - 6.3.3.1. Areas are expected to maintain supporting documentation for all corporate billings including appropriate authorizations.
    - a. Supporting documentation includes, but is not limited to: work orders, executed contracts, signed agreements, bid bonds, etc.
- 6.3.4. Any and all adjustments, cancellations or credit memos shall be properly authorized and supported.
  - 6.3.4.1. Areas must complete a credit memo and forward the approved credit memo to the Financial Services Division with supporting documentation.
- 6.3.5. Billings with payment terms exceeding thirty (30) days and/or specially contracted interest rates may be established with the assistance and direction of the Treasurer.
  - 6.3.5.1. Billings with payment exceeding thirty (30) days and/or specially contracted interest rates shall include the following documentation:
    - a. Total amount due including amount of applicable taxes and any and all accrued interest.
    - b. Payment date(s).
    - c. Customer Contact information.
    - d. Billing department contact information.
    - e. Details of product/service provided.
    - f. Additional supporting documentation, including but not limited to: contracts, reports, any corresponding Council resolutions providing the option to add outstanding billings to property tax roll, where applicable.

## **7. RESPONSIBILITIES**

- 7.1. **Council** has the authority and responsibility to:
  - 7.1.1. Approve the Accounts Receivable – Billing Policy
- 7.2. The **CAO** has the authority and responsibility to:
  - 7.2.1. Ensure appropriate oversight is in place within respective areas of responsibility to ensure compliance with the policy.
- 7.3. The **Treasurer** has the authority and responsibility to:
  - 7.3.1. Ensure appropriate departmental oversight to administer and comply with the policy.

- 7.4. The **Supervisor of Accounting** has the authority and responsibility to:
  - 7.4.1. Ensure all departmental activities are carried out in compliance with this policy.
  - 7.4.2. Notify the Treasurer of any financial anomalies.
- 7.5. **Staff** have the authority and responsibility to:
  - 7.5.1. Ensure their understanding and compliance with the policy and seek clarification where needed to follow the policy expectations

## 8. **LEGISLATIVE REFERENCES**

- 8.1. Municipal Act, 2001