


POLICY

	Policy:	ACCOUNTS RECEIVABLE - BILLING		
	Department:	Corporate Services		
	Division:	Finance	By-Law No.:	2016-28
	Prepared By:	Justin Rousseau	Approval Date:	February 29, 2016
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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.
- 1.2. It is the preference of the Town to receive payment by cash, debit or credit card where available at the point of sale, delivery, or completion of service.

2. PURPOSE

- 2.1. This policy will provide 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, 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.

- 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 two years from the date it becomes effective, and/or sooner at the discretion of the Director of Corporate Services/Treasurer.

4. **DEFINITIONS**

- 4.1. **Chief Administrative Officer (CAO)** is the Chief Administrative Officer for the Corporation of the Town of Amherstburg, which includes the roles and responsibilities as laid out in Section 229 of the *Municipal Act, 2001*.
- 4.2. **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.
- 4.3. **Council** refers to the current elected Council for the Corporation of the Town of Amherstburg. This includes, as an entirety, the Mayor, Deputy Mayor and Councillors.
- 4.4. **Director** is the person responsible for direction and operational control of a division as defined on the Town’s organizational structure.
- 4.5. **Employee/Staff** is any person employed with the Town of Amherstburg, including any union or non-union, regular or temporary, full-time, part-time, seasonal or casual staff member, including but not limited to permanent staff, temporary staff, committee members, students, recreation staff, contract employees, and paid work placements.
- 4.6. **Manager** reports directly to a Director (or the CAO in some instances) and who is responsible for a department within a division of the Corporation, as defined on the Town’s organizational structure.
- 4.7. **Non-Sufficient Funds (NSF)** used in the banking industry to signify that there are "non-sufficient funds" in an account in order to honor a check drawn on that account. This is known as a "bounced check" or "bad check".
- 4.8. **Senior Management Team (SMT)** is comprised of the Chief Administrative Officer and the Directors. If a Director is unavailable, a delegate may be assigned.
- 4.9. **Town** is the Corporation of the Town of Amherstburg.
- 4.10. **Treasurer** is the Treasurer for the Corporation of the Town of Amherstburg, which includes the roles and responsibilities as laid out in Section 286 of the *Municipal Act, 2001*.

5. INTERPRETATION

- 5.1. 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 By-law or policy and any replacements thereto.

6. GENERAL CONDITIONS

- 6.1. 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. 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 2014-75, as amended.
 - 6.1.2. Any and all other invoices must be in compliance with applicable Council resolutions, agreements, and contracts.
- 6.2. The standard payment term is thirty (30) days from point of sale, where default financial system settings should be applied accordingly.
 - 6.2.1. Exceptions are permitted where specific and contractual arrangements have been made and authorized.
- 6.3. 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.
- 6.4. Disputed billings in whole or in part, which cannot be supported by the issuing departments, must be reversed.
- 6.5. Departments must issue, interest bearing, accounts receivable billings to ensure timely payment and maximize interest revenue unless the billings fall under Section 6.6.1.1 or Section 6.6.1.2.
- 6.6. Interest bearing accounts receivable billings must be supported by a binding contract, agreement, or written acknowledgement in order to facilitate collection thereof.
 - 6.6.1. 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 2014-75, as amended.
 - 6.6.1.1. Accounts receivable billings not supported by way of binding contract or agreement or written acknowledgement must be issued as non-interest bearing.

6.6.1.2. Billings with payments terms exceeding thirty (30) days and/or specially contracted interest rates may be established with the assistance of the Director of Corporate Services/Treasurer.

6.7. When departments have been advised of an account that has become seriously delinquent, the Director of Corporate Services/Treasurer should consider discontinuation of services.

6.7.1. Where service has been discontinued, prior to re-instating, the department Director shall contact Accounts Receivable staff to verify the customer's payment status.

6.8. **Types of Billings**

6.8.1. 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.

6.8.2. 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.

6.8.3. Contracts/Agreements – Commonly used for long-term arrangements or special circumstances, accompanied by an accounts receivable invoice generated from the Town financial system

6.8.4. Non-Sufficient Funds (NSF) - Billings issued by the Department of Financial Services for cheques returned by a banking institution.

6.9. **Issuing of Billings**

6.9.1. Customers should be billed immediately upon product delivery and/or service completion.

6.9.2. Account receivable billings must be accurate and contain the following:

6.9.2.1. Customer legal name and address;

6.9.2.2. Reference to a specific department or position and avoid reference to a specific individual;

6.9.2.3. Amount billed and amount of applicable taxes;

6.9.2.4. Interest bearing or non-interest bearing, and;

6.9.2.5. Inclusion of attaching documents where applicable.

- 6.9.3. All corporate billings shall be properly authorized and supported.
- 6.9.3.1. Departments 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.
- 6.9.4. Any and all adjustments, cancellations or credit memos shall be properly authorized and supported.
- 6.9.4.1. Departments must complete a credit memo and forward the appropriately approved credit memo to the Director of Corporate Services with supporting documentation.
- 6.9.5. Billings with payment terms exceeding thirty (30) days and/or specially contracted interest rates may be established with the assistance and direction of the Director of Corporate Services/Treasurer.
- 6.9.5.1. 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. REFERENCES AND RELATED DOCUMENTS

- 7.1. Accounts Receivable Collections Policy
- 7.2. Cash Receipts Control Policy
- 7.3. User Fee By-law, as amended