

TOWN OF INGERSOLL
Director of Finance/Treasurer Report
A/R – Collection Policy & Procedures

Report No. T- 110/09
Approval Date: July 13, 2009

Mayor Holbrough & Members of Council:

Purpose

The purpose of this report is to make recommendation to the Council to pass a resolution of Council adopting the proposed A/R Collection Policy and Procedure to be effective upon approval.

Background

Treasury Department frequently invoices several outside agencies and businesses for services performed by the municipality.

Currently there is no policy and procedures in place for staff to follow in collecting any outstanding accounts and a number of these general receivable accounts were over 120 days past due.

Collection efforts have significantly reduced the amount of outstanding accounts from \$277,000 in December 2007 to \$20,000 in May 2009 with only 50% of these outstanding accounts over 90 days past due.

The attached Collection Policy and Procedures provide staff and the public with a clear understanding of the steps that will take place in the collection procedures as well as identifying all interest and applicable fees if the account is assigned to a collection agency.


This policy states that if the account is assigned to collection agency or credit bureau, a \$30 Administration fee will be added to the account in addition to all collection fees charged by the agency collecting the account leaving the municipality with full recovery of the outstanding receivable.

The attached Collection Policy and Procedures have been reviewed and approved by the Senior Management Team and have also received approval from our auditors, BDO Dunwoody LLP Chartered Accountants.


Summation:

That the proposed Collection Policy and Procedures for General Accounts Receivable be approved and resolution passed by the Council for implementation effective upon approval.

Respectfully submitted,



Gary K Seltz, CGA, CMO, CMM III, CPPB
Director of Finance/Treasurer



James Timlin
CAO

Town of Ingersoll

Collection Policy & Procedures

Accounts Receivable - General

PURPOSE

The purpose of this **Collection Policy** is to provide guidance to staff in the collection of outstanding General Accounts Receivables (not applicable to property taxes receivable).

BACKGROUND

The Town of Ingersoll issues invoices throughout the year for various recoveries of work performed by the Engineering, Public Works and Parks & Recreation Departments as well as other miscellaneous invoicing needs, excluding Property Taxes.

Some accounts are in arrears from 30 to 120+ days and there is no set policy, guidelines or interest charges in place for staff to follow for collecting these outstanding accounts.

POLICY & PROCEDURES

- 1 All Department Heads will ensure that the following statement is written on all Work Orders/Charge Sheets/or Any Other Order Forms;
“The person signing this request for services to be performed by the Town of Ingersoll, is an authorized personnel to legally bind his/her employer to be liable for the costs incurred to perform said services and materials, and is signing to acknowledge acceptance of all terms and conditions of payment for same.”

- 2 Requests for invoices will be received by the Accounts Receivable-Treasury Clerk/ Receptionist or designate (herein referred to as A/R Clerk or designate for other departments) and entered into the A/R Systems Module or other A/R module used by other departments to generate corporate invoice for mailing and to maintain accounting record for all outstanding accounts receivable.
- 3 All invoices are “net/30” i.e. due in 30 days and if not paid by the due date, interest will be charged on all overdue accounts using the same interest rate charged on overdue property tax accounts (2009 - 1.25% per month, unless other arrangements have been made on specific accounts i.e. County of Oxford). The A/R Clerk will generate reminder notices for all outstanding invoices after 30 days and this will constitute as the First Notice.
- 4 A second reminder notice will be generated by the A/R Clerk for all outstanding accounts exceeding 60 days and this reminder notice will state that “If the amount due is not paid within 30 days, the account will be assigned to an agency for Collection”. If an account is assigned for collection then “an Administration Fee of \$30 will be added to the account in addition to any fees charged by the agency assigned for collection”. This will constitute as the Second Notice.

NOTE : At this stage the A/R Clerk will begin to try and contact the business responsible for the outstanding account by telephone, in an attempt to collect the outstanding account balance to avoid assigning the account for collection.

- 5 A Third and Final Notice will be issued by the A/R Clerk for all outstanding accounts exceeding 90 Days and the notice will also indicate that the account will be assigned to a collection agency for collection

and also that a \$30 Administration Fee has been added to the outstanding balance due along with all collection costs charged by the agency assigned for collection. At this time the A/R Clerk will also send an electronic (pdf) copy of the account to be assigned, to the Department Head to confirm the assignment for collection unless otherwise notified to hold the account.

This will constitute the Third and Final Notice for collection.

- 6 The A/R Clerk will then advise the Deputy Treasurer/Payroll & Benefits Administrator of all outstanding accounts that have been issued a Third & Final Notice and the Deputy Treasurer will assign these accounts to an outside agency for collection, as selected and agreed upon by the Director of Finance/Treasurer.