



<b>Title: Accounts Receivable</b>	<b>Date Approved: June 8, 2021</b>
<b>Policy #: FS 3-2021</b>	<b>Council Resolution #: 138-21</b>
<b>Department: Financial Services</b>	<b>Revision:</b>
<b>Rescinds:</b>	<b>Procedure #: FS 3-2021</b>

**Preamble:**

This policy lists protocol for effective guidance and management control of the Accounts Receivable system. The Town of Carberry feels it is necessary to have a clearly-stated policy regarding the management of the Accounts Receivable system in order to ensure outstanding accounts and arrears accounts are collected in a timely fashion, provide procedures to write off accounts when uncollectable and maintain accountability to the public.

**General Standards and Regulations:**

In the collection of outstanding accounts, the Treasurer or designate shall use whatever means provided by the Municipal Act, in order to secure the maximum collection rates while keeping administration and legal costs to a minimum.

**Policy:**

1. Ensuring Accounts are Billed and Collected in a Timely Manner:

- (a) Invoices for goods and/or services rendered will be issued by the Administrative Assistant or designate within 5 working days of the receipt of service. Invoices will be mailed by regular mail.
- (b) Invoices be due and payable within 30 days from the date of billing.

2. Methods of Payment:

- (a) Accounts are payable through the Municipal Office only, and no other institution is authorized to accept payments. The receipted date at the Municipal Office will be the official date of payment.
- (b) Payments will be in the form of cash, cheque, debit card, e-transfer, money order, telpay, or through internet banking (taxes only).
- (c) If a customer submits one N.S.F. cheque for payments on account, personal cheques will no longer be accepted unless the cheque has been "certified".

3. Interest:

- (a) Interest will be added at the maximum rate allowable under the Municipal Act. This rate is currently 15% per annum (1.25% per month). Interest will be added on the first day of each month in which the account is overdue.

(b) Payments that have been received before the end of the month, but which have not been processed through the cashier prior to the penalty being added, will be adjusted and approved by the CAO as gross or manifested clerical error.

4. General Mechanisms to Collect Accounts in Arrears:

(a) Accounts Receivable Invoices will be considered to be in arrears when the due date has passed.

(b) Sending out Past Due Notices:

(1) Past due notices will be mailed by the 5th working day of the first month after the account goes into arrears.

(2) Letters will be sent at 30 and 60 days overdue, the 60<sup>th</sup> day letter will advise the property owner that the outstanding amount will be added to taxes if not paid by the 90<sup>th</sup> day.

- once an invoice goes over 90 days overdue, the amounts will be added to taxes.
- once added to taxes, they will be collected in the same manner as the property taxes.
- Amounts added to taxes will be done by Council Resolution.

5. Collection Alternatives:

(a) Small Claims Court:

(1) Accounts with a balance of \$500<sup>+</sup> may be taken to either Small Claims Court, or have a Judgment placed against it through Divisional Court after 60 days overdue. A letter will be mailed to outstanding Accounts warning of possible court action after 30 days and 60 days (see Appendix "A" Letter #1 and #2).

(b) Bailiff Warrants:

(1) If deemed necessary by the CAO or Tax Collector, a bailiff warrant to distrain will be issued.

6. Writing Off Accounts When Deemed Uncollectible:

(a) Where the CAO or designate ascertains, that certain accounts are uncollectible, a list shall be prepared for Council's consideration. A balance may be written off for any of the following reasons:

- (1) the balance has been deemed uncollectable by a Collection Agency
- (2) the balance has been deemed uncollectable by the CAO or designate.
- (3) the invoice requires voiding or changing due to error made by the Town.
- (4) the business is inoperative and without assets.
- (5) the debtor has declared bankruptcy.
- (6) the debtor is deceased and the estate has been closed.

(b) This list will be prepared no later than December 1st in the year.

(c) CAO or designate to strike the uncollectible account from the records as per the following:

- (1) accounts owing \$500 ↑, authorized through resolution of council
- (2) accounts up to \$499.99 authorized by CAO or designate.

**Adopted by Resolution of Council # 138-21 at Carberry, Manitoba, this 8<sup>th</sup> day of June, 2021.**

Appendix "A"

SAMPLE LETTERS - ACCOUNTS RECEIVABLE

Letter # 1

To Accompany Statement of Account – (First Month)

Dear ,

Enclosed you will find a statement of account, concerning an outstanding account you hold with the Town of Carberry. Payment is now overdue. The Town's policy is that accounts are due within 30 days from the date of billing.

We would appreciate payment before the end of this month. If the account is not paid at that time, it is our policy to proceed with collection action through Small Claims Court.

If you have made payment prior to receiving this notice, please disregard it and accept our thanks.

Yours truly,

Grady Stephenson  
CAO

Appendix "A"

SAMPLE LETTERS - ACCOUNTS RECEIVABLE

Letter #2

To Accompany Statement of Account

Over 60 days past due (Second Month)

Dear ,

Enclosed you will find a statement of account with the Town of Carberry. In a previous letter, you were asked to make payment to clear this account. It is the Town's policy to proceed with Small Claims Court action after an account is 60 days overdue. This letter is to inform you that unless we receive payment in full before the 15th of this month, the court claim will be processed.

If you have made payment prior to receiving this notice, please disregard it and accept our thanks.

Yours truly,

Grady Stephenson  
CAO