

Policy Title:	Applies to:	Reference #
Accounts Receivable Collection Policy	All City of Regina employees	214-FIN-16
Approved by:	Dates:	Total # of Pages
Chief Financial Officer	Effective:	4
	Last Review:	
	Next Review:	
Authority:		
Section 25 (f) (iv) of the Regina Administration Bylaw 2003-69		

1.0 Purpose

The purpose of this policy is to establish business rules for billing, managing and ensuring timely collection of amounts due to the City.

2.0 Scope

This policy applies to all City of Regina employees engaged in the collection of amounts owed to the City. Receivables related to government transfers are outside the scope of this policy.

3.0 Definitions

Accounts Receivable - Outstanding bills and any other monies owed to the City. These include utility (water and sewer) receivable, trade and other receivable and taxes receivable.

Active Accounts - An account that has regular transactions.

Allowance for Doubtful Accounts - An estimate of the amount of accounts receivable that will likely not be paid by customers.

Overdue Accounts - An account outstanding after the due date identified on the bill.

Trade and Other Receivable - These include, but are not limited to, receivables related to landfill, snow storage site, granular material sales, recreation, parking tickets, and sundry debtors.

Uncollectible Account - A receivable for which all applicable collection efforts have been exhausted without successful collection.

4.0 Policy

The intended outcome of this policy is to ensure the City efficiently manages collections and accounts receivable in order to maximize revenue collection and minimize exposures to doubtful accounts with appropriate regard for a cost-benefit principle.

Managers responsible for the collection of accounts receivable are required to develop collection procedures that support timely collection of accounts, subject to applicable legislation, bylaws and this policy.

4.1 Authority

Section 25 (f) (iv) of the Regina Administration Bylaw 2003-69 authorizes the Chief Financial Officer to establish policies for billing of amounts owed to the City and collection of outstanding or unpaid amounts.

4.2 Collection Rules

1. The City will be guided by legislation, bylaws, and professionalism throughout the collection process.
2. The City may check the credit history for new or existing customers as long as the report is run in connection with the collection of a debt or to establish credit with the City.

4.3 Overdue Accounts Receivable

1. Account payments shall be due within 30 days of the bill date or within the period identified on the bill.
2. An overdue amount reminder letter (dunning letter) shall be sent to a customer prior to disconnection of service due to non-payment.
3. Property taxes are due on June 30, or as identified on the Property Tax Bill. *The Tax Enforcement Act* shall apply for all tax arrears.
4. If considered reasonable, the City may place a lien on a property where tax arrears are less than \$200.
5. Appropriate penalties, interest charges or administrative charges shall apply on all overdue account, as provided by legislation and bylaw.

4.4 Transfer of Unpaid Bills to Taxes

Where normal collection procedures are unsuccessful for certain types of debts (e.g. water and sewer debt) owed to the City, the debts can be added to property taxes, subject to applicable legislation.

4.5 Legal Department Consultation

The City's Legal department should be consulted for action or advice on outstanding accounts with a reasonable time, but not later than one year of the account being past due.

4.6 Use of Collection Agency

A collection agency may be assigned an account for collection once the City has exhausted all internal collection procedures.

4.7 Write-off of Uncollectible Accounts

1. Considerations for writing off an account may include criteria such as: unsuccessful litigation against the debtor, debtor is the subject of bankruptcy, inability to find debtor, advice from Legal Department that the City's claim would be unsuccessful, or account is uneconomical to collect.

2. Appropriate authorization (see Responsibility section) must be received prior to writing off any uncollectible accounts. All possible means of collections should be exhausted before authorizing write-offs.
3. Tax arrears may be cancelled or written-off by Council.

4.8 Right of Set-Off

1. When a customer has an outstanding/unpaid amount on which payment could not be made or arranged, and the City has an outstanding payable to the same customer, the City may set-off (i.e. reduce) the payable amount to the customer against the receivable amount from the customer.
2. Customers shall be notified if a set-off is applied to their account, but set-offs are not contingent upon customer contact being made.

4.9 Overpayments/Unused Credits

Overpayments on accounts by customers or unused credits due to customers will be handled in accordance with the City's Unused Credit Guideline.

4.10 Allowance for Doubtful Accounts

1. An allowance for doubtful accounts should be determined after careful examination of the pre-identified uncollectible accounts. Criteria for setting up allowance for doubtful accounts may include, but not limited to, the age of the account, risk assessment, and customers payment history.
2. Accounts referred to a collection agency will be considered for purposes of allowance for doubtful account and assist in the determination of write-off recommendations.

4.11 Deposit of Collected Amounts

Collected amounts for active accounts shall be deposited to the applicable account. Collected amounts from a customer subsequent to a write-off will be deposited as a bad debt recovery.

4.12 Bank Returned Items

Bank returned items, including pre-authorized payments, will result in the customer being re-invoiced with the appropriate service charge added to the Customer's account.

4.13 Accounts Receivable Reporting

The City will prepare an annual report to Council on accounts receivable that aligns with the Ontario Municipal Benchmarking Initiatives (OMBI, or any successor organization) measures, including age of accounts, average collection period (in days), allowance for doubtful accounts, and write-offs.

5.0 Roles & Responsibilities

City Council

1. Approve all write-offs or cancellation related to tax arrears.
2. Approve write-offs for uncollectible amounts over \$100,000.

City Manager

1. As per section 36 of the Regina Administration Bylaw 2003-69, approve write-offs for uncollectible amounts over \$10,000 and up to \$100,000.

Chief Financial Officer

1. Approve this policy.
2. Approve write-offs for uncollectible amounts over \$2,000 and up to \$10,000.

Director of Finance

1. Ensure that this policy is updated as required.
2. Approve write-offs for uncollectible amounts over \$2,000 and up to \$10,000.
3. Approve the use of a collection agency.

Managers Accountable for Collection of Accounts Receivable

1. Develop collection procedures and practices that support timely collection of accounts, subject to legislations, bylaws and this policy. Managers are encouraged to consult with Finance for advice as necessary.
2. Ensure staff understand and enforce this policy, subject to applicable legislations and bylaws.
3. Approve write-offs for uncollectible amounts over \$200 and up to \$2,000.
4. Prepare reports on accounts receivable, including allowance for doubtful accounts and write-offs.
5. Identify and recommend accounts to be written-off for approval by the City Manager, CFO or Director of Finance.

Collection Coordinators

1. Ensure staff understand and enforce this policy, subject to applicable legislations and bylaws.
2. Ensure that all legitimate interest charges, overdue charges or any service charges approved by the City are collected.
3. Approve write-offs for uncollectible amounts less than \$200.
4. Ensure that amounts collected are deposited to the appropriate accounts.
5. Identify and recommend accounts to be written-off for approval by their Managers.

6.0 Related Forms

None.

7.0 Reference Material

Accounts Receivable Collections Procedures (To be created by Managers responsible for collection).

Payment Arrangement Guidelines

The Tax Enforcement Act

The Regina Water Bylaw

The Regina Traffic Bylaw

The Regina Administration Bylaw 2003-69

8.0 Revision History

Date	Description of Change	(Re)-Approval Required (y/n)
13-May-2016	Initial Release.	Yes