



DRUMHELLER

COUNCIL POLICY



COUNCIL POLICY # C-07-04

ACCOUNTS COLLECTIONS AND WRITE OFF

POLICY STATEMENT:

To Promote and encourage timely payment of receivable accounts, to pursue delinquent accounts in a prudent and diligent manner and to establish provisions for bad and doubtful accounts.

PROCEDURE:

I. Collections

A. Scope

This Policy shall apply to all debts and obligations owed to the Town and are more than 30 days outstanding from invoice date with the following exceptions:

1. Property Taxes and Grants in Lieu levied in accordance with Part X of the Municipal Government Act.
2. Business Taxes levied in accordance with Part X of the Municipal Government Act.
3. Utility Charges levied in accordance with Town of Drumheller Bylaw #6-98.

B. Guidelines

1. When an account remains unpaid after 30 days from the date of invoice an interest charge of 1.5% per month (18% per annum) shall be added to the account.
2. When an account remains unpaid after 60 days from the date of invoice a telephone contact shall be made and/or a letter inquiring/requesting prompt payment is written.
3. When an account remains unpaid after 90 days from the date of invoice a letter shall be written indicating that one or more of the following actions will be undertaken if the account is not paid within 15 days:

- a) Account will be referred to a collection agency;
 - b) Distress and sales of goods and chattels;
 - c) Court Action
4. The Town shall be sensitive to the customer's circumstances and the Director of Corporate Services shall be authorized to approve payment arrangements as circumstances permit.
5. The Director of Corporate Services shall provide report of all payment arrangements on a quarterly basis to the Chief Administrative Officer.

II. Provision for Bad and Doubtful Accounts

A. Scope

This Policy shall apply to all debts and obligations owed to the Town and are outstanding. Debts shall include but not limited to the following:

1. Property and Business taxes outstanding after December 31st of the year they are levied.
2. Utility Charges outstanding after 90 days from the date of invoice.
3. General accounts receivable obligations outstanding after 90 days from the date of invoice.

B. Guidelines

1. Provision for bad debts and doubtful accounts will be determined on an annual basis.
2. Estimates of the portion for each type of outstanding obligation identified under II (A) that will likely become uncollectible will be determined by the Director of Corporate Services.
3. The provision amount is calculated to be the amount that will reduce the accounts receivable to their estimated net realizable value.
4. Annual estimates are to be included in the Town's Annual Operating Budget for Council Approval.

5. Any write off of an uncollectible account shall be applied against this provision.

III. Write-off and Remission

A. Scope

This Policy shall apply to all debts and obligations owed to the Town and have become uncollectible. Debts shall include but not limited to the following:

1. Property and Business taxes.
2. Utility Charges.
3. General accounts receivable obligations.

B. Guidelines

1. Accounts deemed uncollectible will be submitted to Council for approval prior to write off upon the recommendation of the Director of Corporate Services. Accounts for write off will be submitted to Council on an annual basis or more frequently as required.
2. Write off is the removal of all or part of a debt or obligation owed to the Town. A Write off does not extinguish the right of the Town to collect the debt, obligation, or claim at a later time.
3. Where it is in the public interest, the Chief Administrative Officer can recommend the cancellation of an outstanding obligation to Council. Council has final approval of any cancellation.
4. Cancellation is the forgiveness of a tax, licenses, fee, penalty or other sum due to the Town. The cancellation may be conditional or unconditional, complete or partial. If all conditions are met, cancellation extinguishes the debt and the Town's right to collect.
5. Debts and obligations discharged through the courts under bankruptcy does not require write off approval from Council but will be reported to Council by the Director of Corporate Services on annual basis.

Adopted by Council

Date: December 13, 2004



MAYOR OF DRUMHELLER



CHIEF ADMINISTRATIVE OFFICER