



POLICY

Policy No. 13 - #403 – 15/12/21
Department: Finance

GENERAL CREDIT POLICY

SCOPE: Customers of Town of Nanton Services, Administration

BACKGROUND:

The policy will support the efficient sales of services and goods including: facilities rental and leasing, fire services, snow removal, tax certificates and related services, and other sales where a cash sale is not feasible. General accounts are a separate sub-ledger from utilities and taxation.

PURPOSE:

1. To clearly identify the terms under which the Town of Nanton will allow for services and goods to be charged to a general customer account.
2. To outline a process for the monitoring and collection of accounts.

RELATED POLICIES: None

DEFINITIONS:

Doubtful account: a customer account which has not been paid for more than 120 days. Efforts to collect the account have not been successful.

General Account: an account set up to allow for the charging of miscellaneous goods and services to users.

GUIDELINES AND PRINCIPALS:

1. The Town wishes to provide flexibility in support of non-profit users groups while ensuring that only prudent credit risks are taken and cash flow is maintained.
2. Administration will make every effort to maintain customer goodwill during the collection process.
3. When making a sale of service or goods that will be charged to an account, staff will ensure that the customer's legal name and address is obtained as well as a contract name and phone number. Invoices should include appropriate detail to avoid delays in payment due to customer processing issues.
4. Credit limits –
 - 4.1 Customer accounts will only be set up when cash payment is not practical.
 - 4.2 Charges in excess of \$ 2,500.00 must be approved by a Manager under whose jurisdiction the sale falls.

- 4.3 Charges in excess of \$ 5,000.00 must be approved by the Chief Administrative Officer (CAO).
 - 4.4 Customers who have a history of payment in excess of 90 days will have the credit privileges revoked and asked to pay on a cash basis.
 - 4.5 Deposits maybe used to address pre-payment of services on cash accounts or otherwise.
5. All accounts will be due "net 30" days. All contracts and invoicing will state these terms.
- 5.1 The CAO may consider and approve longer payment terms in special cases.
6. Finance charge will be charged on all overdue accounts at a rate of 2% per month in accordance with the Interest Charges Bylaw.
- 6.1 The purpose of Finance charge is to encourage prompt payment, and for the Town to recoup costs of managing the customer account.
 - 6.2 Finance charge will be levied monthly prior to the issuance of statements.
 - 6.3 Finance charge calculated in an amount of less than \$2.00 will not be posted to the account.
 - 6.4 The CAO (or designate) may write off or reduce Finance charge up to \$ 500.00 per account.
7. The following collection process will take place for late payment of accounts.
- 7.1 Net 30 days a statement will be issued
 - 7.2 Net 60 days a statement marked "Overdue" will be issued. The customer will be called to ensure they have the invoice and to determine if any issues exist. The customer will be asked to commit to a payment date.
 - 7.3 Net 90 days, the Director of Corporate Services will call the customer and discuss the non-payment issue. The customer will be asked to commit to a payment date.
 - 7.4 Net 120 days, a letter will be sent demanding payment within 10 business days. The CAO will be made aware of accounts over 120 day and give approval to further non-payment action.
 - 7.4.1 Charged to the tax account if allowable
 - 7.4.2 Or referral to a collection agency.
 - 7.4.3 Collection agency fees that may result in the budget for uncollectable accounts being exceeded must be approved by Council.
8. In order to ensure that the accounts receivable ledger remains in good standing and doubtful accounts will be written off annually in October.
- 8.1 Accounts will be considered for write-off when all efforts to collect the account have been exhausted.
 - 8.2 The CAO may approve write-offs up to the budgeted amount.
 - 8.3 Write-offs exceeding the budget must be approved by Council.

ROLES AND RESPONSIBILITIES:

Role	Responsibilities
Municipal Council	<ul style="list-style-type: none"> • Approve budget for uncollectable accounts. • Periodically review credit policy • Approve collections and write-offs that exceed the budgeted amount.



Chief Administrative Officer (CAO)	<ul style="list-style-type: none"> • Approves credit of more than \$5,000 • Considers and approves special payment terms when requested • Approves the reversal of Finance charge charges • Approves collection action for accounts over 120 days.
Director of Corporate Services	<ul style="list-style-type: none"> • Ensure adherence to the credit policy • Monitors the aging of general accounts receivable • Makes collection calls on accounts over 90 days. • Manages collection action on accounts over 120 days • Prepares RFD' for approval of collections and write-offs that exceed the budget amount.
Managers	<ul style="list-style-type: none"> • Approve credit of more than \$2,500
Accounts Receivable Clerk	<ul style="list-style-type: none"> • Invoices services and goods. Refers amounts over limit for approval. • Responsible for the overall maintenance of the sub-ledger. • Ensures that monthly service charges are posted. • Ensures that monthly statements are issued • Monthly reviews ledger in conjunction with Director of Corporate Services. Takes appropriate action based on discussions.
Staff	<ul style="list-style-type: none"> • Ensure that requests for billing are fully completed as per (4.) above

LEGISLATION: Municipal Government Act RSA 2000, 243(1)a

Mayor

Date

CHIEF ADMINISTRATIVE OFFICER

Date



REFERENCE NUMBER: Res # 403 - 15/12/21
 REPLACES POLICY DATED: 13 333 - 15/10/19