

Town of Greater Napanee Corporate Accounts Receivable Policy



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Revised Date:		Resolution #	
Review Scheduled:	Once per council		
Department:	Finance	Contact:	Treasurer
Approval Authority:	Council	Policy No:	FN-2026-03

1. Introduction

This Policy is intended to govern the issuance of necessary accounts receivable (AR), that are in the best interest of and further support the operations of the Town and to establish a reporting structure governing collection activities that enhances the integrity of the collection process and safeguards corporate assets.

2. Purpose

The purpose of this policy is to:

- Ensure that all revenues earned by the Town of Greater Napanee and all Accounts Receivable owed to the Town are accounted for and recognized in the financial statements according to generally accepted accounting principles (GAAP).
- To guide management of accounts receivables to ensure timely collection of financial assets in order to maintain positive cash flow.
- To minimize the financial exposure to bad debts and maximize revenue recoveries.

3. Scope

This policy applies all Town of Greater Napanee employees engaged in the collection of accounts receivable or other unsecured debt as assigned, excluding municipal property taxes and utilities.

This policy also applies to Town of Greater Napanee Departments that collect Accounts Receivable utilizing operating systems that include: VADIM (iCity) and BookKing (list is non-exhaustive).

4. Definitions

Accounts Receivable (AR) – are generally represented by a sales invoice or some other form (e.g. grants and subsidies from other government/organization). Under GAAP, accounts receivables are assets that are to be recognized when the revenue is earned.

Write Off - means to remove an Accounts Receivable that is deemed uncollectable from the Municipality's financial records.

5. Responsibilities

5.1. Town Council

Town Council is responsible for:

- a) Approving all non-collectable AR write-offs over \$10,000 plus any related interest or penalties on a per account basis;
- b) Approving the initiation of legal proceedings for the purposes of collecting AR over \$10,000, where considered appropriate; and
- c) Approving AR adjustment of amounts in excess of \$10,000 per invoice.

5.2. Chief Administrative Officer (CAO)

Responsibility and authority is delegated to the CAO to:

- a) Approve all non-collectable AR write-offs in excess of \$5,000 up to \$10,000 plus any related interest or penalties on a per account basis;
- b) Approve the initiation of legal proceedings for the purposes of collection for AR in excess of \$5,000 up to \$10,000, where considered appropriate; and
- c) Approve AR adjustment amounts in excess of \$5,000 up to \$10,000

5.3. Treasurer

Responsibility and authority is delegated to the Treasurer to:

- a) Approve all non-collectable AR write-offs in excess of \$500 up to \$5,000 plus any related interest or penalties on a per account basis;
- b) Approve AR adjustment of amounts in excess of \$500 up to \$5,000 per invoice;
- c) Submit non-collectable AR write-off request report to Council or the CAO in accordance with the guidelines established herein;
- d) Approve departmental documented procedures or checklists ensuring compliance and reasonable controls are in place;
- e) Investigate/review alleged non-compliance and authorize invoice reversal when applicable;
- f) Direct the review of this policy, at a minimum every four (4) years, or sooner if required and recommend updates as necessary; and
- g) Recommend the selection of a registered collection agency as required

5.4. Deputy Treasurer

Responsibility and authority is delegated to the Deputy Treasurer to:

- a) Perform overall policy management of the collections area and providing the Treasurer with a semi-annual non-collectable AR write-off request;
- b) Perform daily management of the AR collections area and staff;
- c) Approve all non-collectible AR write-offs up to and including \$500 plus any related interest or penalties on a per account basis;
- d) Approve the AR adjustment of amounts up to and including \$500 per invoice;
- e) Approve the financial accounting of account adjustments taking into consideration the appropriate authority as provided for under this policy;
- f) Undertake the transfer of AR to third-party collection agencies, paralegal services, or other third party services as they relate to the collection of the AR subject to appropriate authority as provided under this policy;
- g) Facilitate reports to Town Council and/or the Chief Administrative Officer for all internal requests to begin legal action for the recovery of AR;
- h) Maintain a listing of individuals designated by General Managers to approve the AR invoice Adjustment/Cancellation Form; and
- i) On an annual basis, prepare an analysis of outstanding AR and develop an appropriate estimate for the allowance of doubtful accounts

5.5. Accounts Administrator

Responsibility and authority is delegated to the Accounts Administrator to:

- a) Generate accounts receivable invoices generated through Vadim
- b) Actively collect all AR as required;
- c) Where necessary review and recommend all adjustments, third party transfers, legal transfer requests and non-collectable AR;
- d) Ensure all account transfers and adjustments are controlled via properly authorized documentation and back-up;
- e) Collect accounts in a timely diplomatic fashion in accordance with procedures and as assigned;
- f) Ensure all documentation has been duly authorized prior to transferring any account to legal or third party or submitting any account adjustment processing;
- g) Upon approval, preparing all back up documentation to the department or third party accepting the transfer; and
- h) Ensure that all legitimate late fees, interest charges, overdue charges, administrative fees or any service charges allocated by administration are collected to the best of their ability unless otherwise directed.

5.6. General Managers, in conjunction with Directors and Managers

Responsibility and authority is delegated to Management staff to:

- a) Develop departmental specific AR procedures or utilize recommended 'AR Billing Checklist' to facilitate compliance with this policy;
- b) Communicate this policy and train those performing AR functions;

- c) Provide, in writing, justification for any AR adjustment and/or cancellation requests to the Deputy Treasurer;
- d) Maintain AR records for their respective areas, in accordance with the Town's Records Management By-law;
- e) Provide AR support documentation to the Deputy Treasurer or Accounts Administrator upon request;
- f) Resolve customer billing disputes;
- g) Provide the Finance division with the relevant information for which to generate an invoice in a timely manner; and
- h) Billings generated through departmental software programs, including but not limited to recreational programming and building permits.

6. Policy – General Receivables

It is not the intent of this policy to facilitate the establishment of lending criteria through credit applications, credit checks or other standardized means of extending credit. However, departments must evaluate any known risks through past experience, prior financial dealings, or potential insolvency – prior to providing goods or services.

When departments have been advised of an account that has become seriously delinquent, the respective General Manager should consider discontinuation of services. Where service has been discontinued, prior to re-instating, departments should contact the Finance staff to verify the customer's payment status.

6.1. Invoice Fundamentals

- a) Departments issuing AR invoices must abide by the following best practices to facilitate timely and accurate billing.
- b) Customers should be billed immediately upon delivery and/or service completion.
- c) All AR invoices must be billed to the customer who will have legal responsibility to pay the full amount.
- d) All AR invoices must be accurate and contain the following:
 - Customer legal name and complete address;
 - Invoice or Bill Number;
 - Date or period of goods and/or services provided;
 - Description of the goods and/or services provided;
 - Net amount and applicable taxes;
 - Interest bearing or non-interest bearing;
 - Pay Term (e.g. Net 30);
 - Billing Due Date (month, day, year specified);
 - Remit Payment to or Remittance Address;
 - Contact information for billing questions;
 - Other pertinent information, as required; and
 - Inclusion of attachments where applicable.
- e) AR Invoices should be mailed within three (3) business days of issuance as

the interest calculation period is based on the invoice date.

6.2. Payment Terms

- a) Invoices for reoccurring services are issued monthly, while invoices for non-recurring services will be issued in a timely manner after the service has been performed.
- b) Payment is due 30 days after the services has been invoiced by the Town.
- c) Exceptions are permitted where specific, contractual arrangements have been made and are duly authorized. Payment terms exceeding 30 days and/or specifically contracted interest rates may be established with the assistance and direction of the Deputy Treasurer.
- d) Unpaid invoices will be subject to late payment charges in accordance with the Town's fees and charges by-law.

6.3. Penalty Reversal

Penalty and interest will only be adjusted when approved by the Treasurer.

6.4. Refunds

Payments received in error or paid in excess of the invoice total will be refunded to the payer when approved by the Treasurer. No refund will be made if other invoices are outstanding on the customer's account.

6.5. Returned Payments

Payments returned by the customer's financial institution will result in the customer being re-invoiced along with a service charge, in accordance with the Town fees and charges bylaw.

6.6. Collections

The Town will make efforts to collect all balances due before sending overdue accounts to collections or transferring balances to property taxes.

- a) Statements will be sent out on a monthly basis to accounts with an outstanding balance.
- b) After 90 days past due, a final notice will be sent to the customer and the account may be sent to an external collection agency. The account customer and the account may be sent to an external collection agency, in accordance with Section 304 of the *Municipal Act*.
- c) After 90 days past due, a final notice will be sent to the customer and the account may be sent to an external collection agency. The account customer and the account may be sent to an external collection agency, in accordance with Section 304 of the *Municipal Act*.
- d) The Treasurer shall have the authority to assess and determine which accounts shall be sent to collections.
- e) Town employees may not discuss a debt with anyone other than the debtor unless required by applicable law.

6.7. Payment Plans

- a) Customers having difficulty paying their accounts may have the option to set up a payment plan, at the discretion of the Municipality and on a case-by-case basis.
- b) The Treasurer has the authority to approve payment arrangements to allow for the outstanding amounts to be collected.
- c) Payment arrangements cannot exceed 12 months.
- d) If the payment plans are not followed, further action will be taken automatically, without notice, including transferring eligible balances to property taxes, and /or sending the account to a collection agency.

6.8. Write-Offs

- a) Write-offs will be performed against the Bad Debt Expense Account on an ongoing basis upon authorized approval of those accounts identified as non-collectable.
- b) An account will be identified as non-collectable:
 - if it has been listed with a collection agency;
 - if litigation against a debtor is unsuccessful;
 - if the debtor files for bankruptcy; or
 - After receiving advice from our legal department indicating our claim would not be successful.
- c) Authorized approval thresholds below permit the write-off of non-collectable AR balances if, in their opinion, all means of collection have been exhausted, considering the relative value of staff administration and external expense related to escalated collection measures and the AR balances:
 - Town Council – amounts in excess of \$10,000 plus any related interest or penalties on a per account basis
 - Chief Administrative Officer (CAO) – amounts in excess of \$5,000 up to \$10,000 plus any related interest or penalties on a per account basis.
 - Treasurer – amounts in excess of \$500 up to \$5,000 plus any related interest or penalties on a per account basis.
 - Deputy Treasurer – amounts up to and including \$500 plus any related interest or penalties on a per account basis.

6.9. Accounts Receivable Adjustments (including the waiving of interest, late penalties, overdue charges, cancellations and administrative fees)

- a) As a regular and ongoing housekeeping function, adjustments may be applied to invoices for removal of nuisance balances of \$10.00 or less including interest and/or penalty charges, for 'customers' in good standing.
- b) Disputed AR invoices in whole or in part, which cannot be supported by Departments, will be reversed.

6.10. Adding Debts to Taxes

- a) After 90 days past due, where standard collection procedures are

unsuccessful, balances owed to the Town may be added to tax roll of the property owner if authorized by applicable legislation

- b) Where an account is to be added to the taxes, all related documentation and support must be provided to the Deputy Treasurer
- c) Upon confirmation of the amount being added to taxes, the account will be written-off.

6.11. Reporting

- a) The Deputy Treasurer shall provide the Treasurer and CAO with a recommended list of write-offs annually. The Treasurer shall report to Town Council to request approval for all non-collectable AR write-offs over \$10,000.
- b) Once per month a delinquency analysis is performed by the Accounts Administrator and provided to the Deputy Treasurer outlining details of the aged trail balance position.

7. Enforcement

The administration, enforcement of, and compliance with the policy is assigned to the Municipal Treasurer.

8. Appendices

- Accounts Receivable Billing Checklist – APPENDIX A
- Accounts Receivable Invoice Adjustment / Cancellation Form – APPENDIX B
- Accounts Receivable Requisition Form – APPENDIX C
- Accounts Receivable Customer Creation / Change Form – APPENDIX D

9. Related Documents

- Corporate-Wide Cash Receipts Control Policy
- Fees and Charges Bylaw

Revision History

Date	Number	Description
Mar 24, 2026	FN-2026-03	NEW

APPENDIX A



Accounts Receivable Billing Checklist

As outlined in the Corporate Accounts Receivable Policy, prior to financial dealings with potential Accounts Receivable (AR) Customers:

- Departments must evaluate any known risks based on past experience, prior financial dealings, or potential insolvency prior to providing goods or services.
- Appropriate supporting documentation such as work orders, agreements, contracts, etc. have been prepared and executed (specifically, documentation outlining names, work to be completed, payment terms, customer signature, etc.)
- Standard terms are Net 30 days. Billings with terms exceeding 30 days and/or specifically contracted interest rates may be established where appropriate. Contact the Deputy Treasurer for assistance.

When issuing an AR invoice:

- Customers should be billed immediately upon product delivery and/or service completion;
- AR Invoices must be billed to the customer who will have the legal responsibility to pay the full amount. Refrain from using “to the attention of” a specific individual;
- Accuracy of amount billed, amount of applicable taxes, payment terms, invoice description, interest bearing or non-interest bearing, remittance address, contact information for billing questions, other pertinent information and inclusion of attachments where applicable;
- Acceptable payment options should be identified;
- Standard terms are Net 30 days interest bearing, which should be supported by a binding contract, agreement or written acknowledgement in order to facilitate collection thereof, otherwise terms should be non-interest bearing;
- Maintain supporting documents for all corporate billings including appropriate authorizations. Supporting documents may include work orders, progress certificates, executed contracts, etc;
- A long-term receivable (with a portion of the payment due greater than one (1) year from invoice date) may only be issued with the assistance of the Deputy Treasurer; and
- AR invoices should be mailed out within three (3) business days of issuance.

APPENDIX B



Accounts Receivable Invoice Adjustment / Cancellation Form

To: accountspayable@greaternapanee.com

From:

Date:

Original Invoice Number:	
Original Customer:	
Original Invoice Date:	
Original Invoice Amount:	

Adjustment

Adjustment Details:	
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Cancellation

Cancellation Rationale:	
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Approval:	
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To be completed by Finance Department:

Adjusted Invoice Number:	
Adjusted Customer:	
Adjusted Invoice Date:	
Adjusted Invoice Amount:	

APPENDIX C



Accounts Receivable Requisition Form

To: accountspayable@greaternapanee.com

From:

Date:

Please prepare the following AR Invoice:

Billable To:	
Contact Name:	
Street:	
City:	
Province:	
Postal Code:	
Email Address:	
Phone Number:	

Amount:	Subtotal:	HST:	Total:
Purpose:			
Account #:			
Special Instructions:			

Approval:	
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APPENDIX D



Accounts Receivable Customer Creation / Change Form

To: accountspayable@greaternapanee.com

From:

Date:

Please create the following AR Customer Profile:

Contact Name:	
Street:	
City:	
Province:	
Postal Code:	
Email Address:	
Phone Number:	

Change

Client Code:		Change Details:	
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Approval:	
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To be completed by Finance Department:

Client Code:	
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