



TOWN POLICY

ADMINISTRATION POLICY:

Collection of Doubtful Accounts

DEPARTMENT: Financial Administration

POLICY NUMBER: FA-007

APPROVAL: 
Jeff Shaw

EFFECTIVE DATE: January 11, 2011
SUPERSEDES: Policy #C-12
UP FOR REVIEW: September 21, 2021

The purpose of this policy is to:

Provide uniform guidelines for the collection of doubtful accounts due to the Town of Cardston.

For general accounts receivable, once the account is 30 or more days in arrears, a reminder notice will be mailed to the debtor.

For accounts in arrears 60 or more days, the accounts receivable clerk will attempt to phone the debtor to remind him/her of the amount due and request payment.

Monthly statements marked "past due" will be mailed monthly on all outstanding accounts.

Once an account has been outstanding for more than 90 days, the account will be turned over to the Town of Cardston By-law Enforcement Officer for collection. The By-law Enforcement Officer will attempt to contact the debtor by a combination of phone calls, mail, and/or personal contact to request payment of the outstanding account.

If the debt relates to property and is billed to the property owner(s), under the MGA, Section 553(1), the amount of the outstanding receivable can be applied as a charge against the property. After the account has been outstanding for 90 days, or sooner if deemed necessary by the Chief Administrative Officer, any account which falls under Section 553(1) is to be transferred from the outstanding accounts receivable general ledger (GL) to the tax receivable GL.

Once the account is in arrears for 6 months, or more, from the date of the original invoice, the previous steps have been utilized, and the account has not been paid in full or satisfactory payment arrangements made by the debtor, a "Final Notice" letter will be sent. This letter will inform the debtor that, unless he or she contacts the office within the next 2 weeks, the account will be forwarded to a collection agency. If, after 6 months, the account is less than \$20 (including penalties), the "final Notice" letter will not be sent, and the amount will be written off.

Three weeks after the letter is sent, the account is to be forwarded to the collection agency, previously arranged, to assist the Town staff in collection of the indebtedness.





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After the account is more than one year in arrears and payment arrangements have not been made, or have not been kept up as agreed, the account will be set up on the Town's books as a doubtful account.

After the account is more than two years in arrears and payment arrangements have not been made, or have not been kept up as agreed, the account will be written off from the receivable listing and removed as a doubtful account.

