

POLICY 26-04		ACCOUNTS RECEIVABLE AND COLLECTIONS	
DATE OF ADOPTION:	April 22, 2026	MOTION NUMBER:	#26/04/64
DATE OF AMENDMENT:		DEPARTMENT:	Corporate Services

PURPOSE

To establish guidelines and a framework with regard to debt collection, ensuring that all monies due and payable to the Town are collected and used to deliver municipal services in a financially sustainable manner.

DEFINITIONS

Accounts Receivable is money owed for goods and/or services rendered by the Town of Vermilion.

Administration is the administrative Employees of the Town of Vermilion.

CAO is the Chief Administrative Officer for the Town of Vermilion.

Customer is a person, company, organization or society that is supplied goods and/or services by the Town for a fee.

Finance Department is the administrative Employees of the Town of Vermilion in the Corporate Services Department.

Finance Charge is a fee imposed on an outstanding invoice over thirty (30) days from the date shown on the invoice.

Finance Management is the Finance Manager or the Director of Corporate Services for the Town of Vermilion.

Invoice is a document outlining the amount of money due from a Customer in exchange for goods and/or services rendered by the Town of Vermilion and the associated payment terms.

Overdue Invoice is an invoice that is outstanding and remains unpaid for more than thirty (30) days after the due date of the invoice.

Supervisor is the person who directly oversees an Employee.

Town is the Town of Vermilion in the Province of Alberta.

Town Business is professional services rendered for or on behalf of the Town of Vermilion.

Uncollectible is an account which cannot be collected due to the circumstances of the debtor.

Write Off is an adjustment to remove an unpaid amount from a Customer's account.

SCOPE

This policy applies to all Accounts Receivable Invoices, including general invoices, business licenses and utility billing. This policy does not apply to property taxes as those are governed by specific legislation.

TASK	TITLE OR DEPARTMENT OF PERSON RESPONSIBLE
APPROVAL OF POLICY & AMENDMENTS	Council
HANDLING INQUIRIES & COMMUNICATING POLICY	Chief Administrative Officer
MONITORING REVIEWS & IMPLEMENTATION	Chief Administrative Officer

GUIDING PRINCIPLES

Invoices, Adjustments and Statements

- 1) All Invoices must be created at the earliest opportunity, which will be no later than sixty (60) days after providing goods and/or services by the issuing department, or in accordance with any agreement or contract with a Customer.
- 2) All Invoices must reflect accurate fees for goods and/or services provided to Customers in accordance with the Town's respective bylaw, policy or other document.
- 3) Adjustments because of error or omission will be created as soon as discovered, verified and authorized by the originating department and Finance Management.
- 4) Statements will be generated by the Finance Department within the first ten (10) business days of the month.

Finance Charges

- 5) All Accounts Receivable by the Town shall be considered due and payable upon issuance unless otherwise determined by Town policies, bylaws, leases, agreements or contracts.
- 6) A Finance Charge will be applied to an Invoice in excess of thirty (30) days from the Invoice date and every month thereafter until the outstanding Invoice is paid.
- 7) All outstanding Invoices where Finance Charges are applicable shall receive a Finance Charge of 1.5% (one and a half percent) unless otherwise determined by Town bylaw, lease, agreement or contract.

Managing Credit Balances

- 8) Periodically the Finance Department will review Customer Accounts for credit balances.
- 9) Credit balances may be applied to any other amounts owing to the Town from the Customer.
- 10) Credit balances over twelve (12) months old may be refunded to the Customer, at the discretion of Finance Management, if greater than ten (\$10) dollars.

Collection of Overdue Finance Invoices

- 11) The collection process for Overdue Invoices is as follows:
 - a) 30-90 days: collection notice(s) to Customer;
 - b) Over 90 days: Customer accounts are eligible to be sent to a private collection agency. Balances transferred to property tax as per the Municipal Government Act (MGA) if applicable;
- 12) In accordance with Section 553 of the MGA, Council authorizes that outstanding utility bill accounts over 90 days overdue to be transferred to the property tax roll at the discretion of the Director of Infrastructure & Planning or designate. All items on the property tax roll are subject to all fees and penalties set forth in all applicable property tax legislation.
- 13) If a utility account is transferred to a tax roll six (6) times within the same calendar year, the Director of Infrastructure & Planning may authorize the disconnection of the utility service to the property, after posting written notice on the property three (3) business days prior to disconnection.
 - a) Utility services shall not be restored until all outstanding amounts related to the utility account, including any charges transferred to the tax roll, are paid in full and the account is current.
- 14) Finance Management has the authority to exempt Customers from being sent to a private collection agency.
- 15) The department that issued the Invoice is responsible for supporting the Finance Department in the collection process and maintaining customer relationships.
- 16) The Town will work with Customers to create payment plans as required and on a case-by-case basis.

Write-Offs

- 17) A Customer account may be considered uncollectible after all reasonable and appropriate collection action has been taken.

- 18) Write-offs are authorized as follows:
 - a) \$0-\$500: Finance Manager or Director of Corporate Services
 - b) \$500-\$2,500: Chief Administrative Officer
 - c) Over \$2,500: Council
- 19) Any rulings on overdue accounts from outside parties (i.e. Court of King's Bench) are subject to those rulings and are not within the scope of this Policy.
- 20) Delinquent Customers with amounts written off will be tracked for seven (7) years from the time of write off. If the Customer has future dealings with the Town within this seven (7) year period, the previous unpaid balance will be required to be repaid before any further Town services are provided.