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REFERENCE POLICY:		REVISED:	September 9, 2015

Receivable Management

PURPOSE

The County of Oxford has many different revenue cycles within its numerous departmental divisions. Because of this the effective management of account receivables is significant to the County in achieving its overall objective of responsible fiscal management. It is prudent that the Finance division of the Corporate Services department assume primary responsibility for the collection of accounts receivable. Further it is imperative that each division that extends credit to customers have in place procedures that are consistent with specific legislation and corporate policy to ensure their part in the receivable management process is effective to maximize revenue retention.

DEFINITIONS

Date of Service is the date when the service was provided or the product was obtained from the County.

PROCEDURE

1.0 Application:

This policy applies to all departments and boards under the auspices of the County of Oxford.

2.0 Policy Requirements:

The management of receivables related to the programs and services offered by County departments will be coordinated by the Corporate Services department. Any questions regarding clarification or interpretation of this policy will be the responsibility of the Director of Corporate Services.

3.0 Responsibilities:

This policy sets forth the management framework for the effective administration of all accounts receivable granted by the County of Oxford.

3.1 Oxford County Council

The Municipal Act S.O. 2001, c. 25 as amended (Municipal Act) sets forth the statutory

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authority for Council. Section 224 clause (d) states Council is “to ensure that administrative practices and procedures are in place to implement the decisions of Council” and furthermore clause (e) states that it is the role of Council “to ensure the financial integrity of the municipality”.

3.2 Corporate Services Department

In his/her capacity as Treasurer, the Director of Corporate Services (County Treasurer) is responsible under section 286 (1) (a) of the Municipal Act to collect money payable to the municipality, in the manner directed by the Council. Therefore, the County Treasurer or their designate, the Manager of Finance, shall provide direction to staff in the management of receivables. The following procedures form part of the overall strategy for accounts receivable management:

- 3.2.1. All invoices shall be issued under the authority of the County Treasurer.
- 3.2.2. All amounts owed to the County shall be collected in the manner set out in this policy.
- 3.2.3. All invoices are to be reviewed, approved and recorded by the Corporate Services department.
- 3.2.4. Accounting practices and financial systems shall be maintained to ensure that receivables are measured with respect to value and aging.
- 3.2.5. Interest shall be charged on overdue accounts when it remains unpaid after 30 days from the date of the invoice. Interest at the rate of one and a quarter percent (1.25%) will be charged on outstanding balances from the date of service.
- 3.2.6. The cost of collection for overdue accounts shall be added to accounts for collection purposes.
- 3.2.7. Procedural matters related to settlement of accounts, referral to private collection agency (PCA), write offs and set offs will be subject to the approval of the County Treasurer. The financial situation and any other special circumstances regarding a debtor are considered when collecting an account.
- 3.2.8. Additional measures, such as withholding services or security deposits, may be put into place in the event of non-payment of invoices.
- 3.2.9. The County Treasurer is authorized to, on an as required basis:
 - a) adjust collection procedures
 - b) adjust late payment charges
 - c) negotiate payment plans
 - d) waive or adjust NSF fees
- 3.2.10. The County Treasurer is authorized to write-off accounts deemed to be uncollectible, only after all required steps set out in this policy have been followed and all collection efforts have been exhausted.
- 3.2.11. The County Treasurer shall establish a framework of internal controls for the administration of accounts receivable that adhere to the following principles:

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- a) the appropriate division of duties related to credit granting, collections, maintenance of accounting records, and handling and reconciling of money;
- b) the provision of complete audit trails to track all claims from the transaction that gave rise to the account to its final settlement;
- c) the establishment of monitoring mechanisms that include the preparation and distribution of periodic management reports concerning the age and collection activities of the portfolio.

3.3 Other Departments

Directors of each department are to ensure that procedures are in place to manage the revenue specific to their respective departmental programs. Specific legislation such as the Provincial Offences Act, the Social Housing Reform Act or the Ontario Works Act should be adhered to and form part of the procedures. The procedures should take into account the following criteria:

3.3.1 Whenever possible design the delivery of a program to avoid the creation of receivables. Therefore, departments should require, to the extent possible, payment in advance, or at the same time as goods and services are provided.

3.3.2 Obtain the information necessary to extend credit and grant credit only when it is an operational requirement.

3.3.3 Obtain security for accounts due to the County when it is good business practice to do so.

3.3.4 Ensure receivables are promptly recorded in accordance with County accounting and financial procedures.

3.3.5 Promote that debtors are treated fairly with service expectations openly being communicated to debtors.

3.3.6 Allow for the sharing of information and resources between departments, where permitted, in order to locate and collect accounts owing to the County.

4.0 Specific Collection Criteria:

4.1 The County of Oxford has several departments. Some departments have numerous divisions within their structure. There are a variety of revenue cycles within the County structure and some of these revenue cycles have a complex nature. Therefore, no one set of collection procedures would be effective for all the circumstances existing. Outlined in Appendix A is a list of revenue categories, by department, with prescribed collection methods allowed by statute, third party Agreements, County By-law or required by this policy as a default provision.

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4.2 If a specific revenue source is not identified in Appendix A then methods outlined in Appendix B apply. Appendix B outlines general procedures to follow for timely and cost-effective collection actions that will normally be progressive.

5.0 Sharing of Information:

5.1 The County is subject to the Municipal Freedom of Information and Protection of Privacy Act. Departments must comply with the County's obligations under this Act. All requests for information relating to County debtors should be referred to the Legislative Services Coordinator.

The County of Oxford, upon the request of a third party, acting in the capacity of a collection agent, can provide the following information concerning a person or business entity that has an account due to the County of Oxford:

- 5.1.1 The basic information required to locate the person in order to collect an account or to set-off the account against any sum of money that may be due or payable to the County of Oxford.
- 5.1.2 Any information provided in response to the request must be obtained from any account, return, record, statement, document or report pertaining to the person and not from any other persons record such as a relative or a spouse and must not be used for any other purpose.
- 5.1.3 Collection agents are required to protect the information transferred to them from disclosure in a manner inconsistent with the requirements of the program under which it was collected.

6.0 Monitoring:

6.1 The County Treasurer will monitor the effectiveness of this policy by an internal audit, program evaluation reports and conducting regular reviews at least every four years.

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Appendix A - Prescribed Collection Methods

1.0 Types of debts and other claims to be included in the departmental receivables management systems.

This Appendix identifies types of debts managed by the County that may need to be recognized and administered in the receivables management system. Not all of these debts will be managed by the County using the general collection procedures outlined in Appendix B. Some revenue sources have prescribed procedures that are outlined in provincial statute or other legal processes defined in County By-laws or Agreements.

Table 1.1 – Types of Debts

Department	Revenue Category	Prescribed Collection Method
Corporate Services	Provincial Offences	As prescribed by the Provincial Offences Act and Oxford County Bylaw No. 4661-2006
Public Works	Bag Tags	As described by vendor agreement
Public Works	Landfill disposal fees	Security deposit
Public Works	Water charges, including disconnect and reconnect fees ¹	Appendix B to this Policy
Public Works	Wastewater charges, including disconnect and reconnect fees ¹	Appendix B to this Policy
Human Services	Ontario Works overpayment	As prescribed by the Ontario Works Act
Human Services	Rent Geared to Income	As per County of Oxford Tenant Arrears policies

Note 1 – Water and wastewater disconnect and reconnect fees are authorized by County of Oxford Fees and Charges By-law No. 4889-2007.

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2.0 General Procedural requirements for collections

The Finance Division of the Corporate Services Department will be responsible for collection of all accounts receivables. Finance will use whatever collection method is appropriate and cost-effective in each circumstance. Collection actions will usually be based on the methods and information outlined below.

Table 2.1 – Common routine collection actions

Progressive Steps	Action
1	invoice sent out within thirty days of the date of service
2	statement with interest calculated from the date of service will be sent out thirty days after the invoice was sent
3	letter informing that the account will be forwarded to a collection agent along with a statement with interest calculated from the date of service will be sent out 60 days after the invoice was sent
4	forward account to private collection agency 21 days after notification letter to debtor
5	negotiate a repayment schedule with debtor at any time between date of service and prior to transfer of debt to collection agent

Table 2.2 – Other collection actions

Progressive Steps	Action
1	County may act on a debtor's voluntary authorization to deduct the amount of a debt from payments the County owes the debtor
2	Departments may recommend that a debt be considered for write off however all reasonable collection activities shall be exhausted prior to write off consideration
3	Departments must decide on a program basis, when requiring an amount to be paid to the County, whether security could be required in order to facilitate the collection of debt
4	Departments should assess when it is appropriate in their collection process to realize the securities provided to the County

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3.0 Compromise settlement

A compromise settlement involves accepting partial payment as fully satisfying a debt and releasing the debtor from any obligation to pay the balance. The authority to accept a compromise settlement is held by the County Treasurer, who normally acts on the advice and recommendation of the appropriate Director. Compromise settlements are normally considered in a process that is incidental to litigation. The necessary condition for accepting a compromise settlement is the determination that the cost of litigation would be more than the expected recoveries or, when the debtor is on the verge of bankruptcy, that the settlement exceeds what the departments would receive if the debtor went bankrupt. It may be determined that a compromise settlement should be accepted either before or after the commencement of legal proceedings.

4.0 Garnishment

Garnishment, seizure of property or any legal action will generally be initiated by the Private Collection Agency and any cost associated with these actions shall be added to the debt.

5.0 Limitation period

Unless the limitation period for collections of debts is specified in program legislation, the applicable provincial statute will apply. As the collection of County debts is not always bound by provincial legislation, advice may be sought from legal counsel to confirm the applicable limitation period.

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Appendix B - Water and Wastewater Billing Collection Policy

1.0 Purpose

- 1.1 The purpose of this policy is to set out guidelines for the municipality and its billing agents to follow when water and/or wastewater accounts remain unpaid.
- 1.2 The policy is intended to establish and document a process that will provide guidance to the County's management, staff and billing agents, to help them make operational decisions to ensure that monies owed to the County are collected in a timely manner.
- 1.3 To provide water and/or wastewater account holders and property owners notice of and sufficient time to pay unpaid fees in order to avoid the arrears being placed on the tax roll.

2.0 Legislative Authority

- 2.1 The *Municipal Act, 2001* authorizes the municipality to place unpaid fees and charges for public utilities on the tax roll for the property to which the public utility was supplied, regardless of who the consumer is. Section 398(2) provides that a municipality may add unpaid public utility fees and charges, which include water and/or wastewater/storm arrears, to the respective property's tax roll.
- 2.2 Ontario Regulation No. 581/06 additionally identifies such fees or charges associated with the supply of water and sewage services as having 'priority lien status' as described in section 1 of the Act such that, when added to a property tax roll because of payment default, these fees/charges:
 - 2.2.1 may be collected in the same manner as taxes on the property;
 - 2.2.2 may be recovered with costs as a debt due to the municipality from the assessed owner of the property at the time the fee was added to the tax roll and from any subsequent owner of the property or any part of it;
 - 2.2.3 are a special lien on the property in the same manner as taxes under subsection 349 2.2.4 Act; and
 - 2.2.5 may be included in the cancellation price under Part XI of the Act, in the same manner as are taxes on the property, in the event that a Tax Arrears Certificate is registered on title of the property.
- 2.3 The Municipal Act, 2001, Chapter 25, Section 80 provides that a municipality may, at reasonable times, enter on land to which it supplies a public utility, to inspect, repair, alter or disconnect the service pipe or wire, machinery, equipment and other works; to inspect, install, repair, replace or alter a public utility meter and for such purposes to shut off the supply of the public utility to the land; and if a customer discontinues the use of a

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public utility on land of the municipality lawfully decides to cease supplying the public utility to land, shut off the supply of public utility, remove any property if the municipality or determine whether the public utility has been or is being unlawfully used.

- 2.4 The Municipal Act, 2001, Chapter 25, Section 81 provides that a municipality may shut off the supply of a public utility to land if fees or charges payable by the owners or occupants of the land for the supply of the public utility to the land are overdue, subject to the municipality providing reasonable notice of the proposed shut-off to the owners and occupants of the land by personal service or prepaid mail or by posting the notice on the land in a conspicuous place

3.0 Collection Procedure

3.1 Accounts that fall into arrears follow the collection protocol below. The collection protocol applies to residential, commercial and industrial water accounts and provides:

- 3.1.1 reminders to account holders and property owners of their financial obligation;
- 3.1.2 ample opportunity for payment; and
- 3.1.3 the County with tools needed to safeguard its water and wastewater revenue.

Reasonable efforts are undertaken by the County and its billing agents to provide the following notifications:

Table 3.2 – Collection Procedure

Progressive Steps	Account Outstanding	Responsibility	Response Outcome
1	4 business days beyond due date	Billing Agent	“Reminder Call” is made to account holder at minimum via interactive voice response (IVR) telling them bill is unpaid.
2	9 calendar days beyond due date	Billing Agent	“Service Disconnection Notice” is issued to account holder by mail. In this notice, the account holder is advised that they have seven days to pay. And “Reminder Call” is made to account holder at minimum via interactive voice response (IVR) advising the account holder they have seven days to pay.



GENERAL POLICY MANUAL

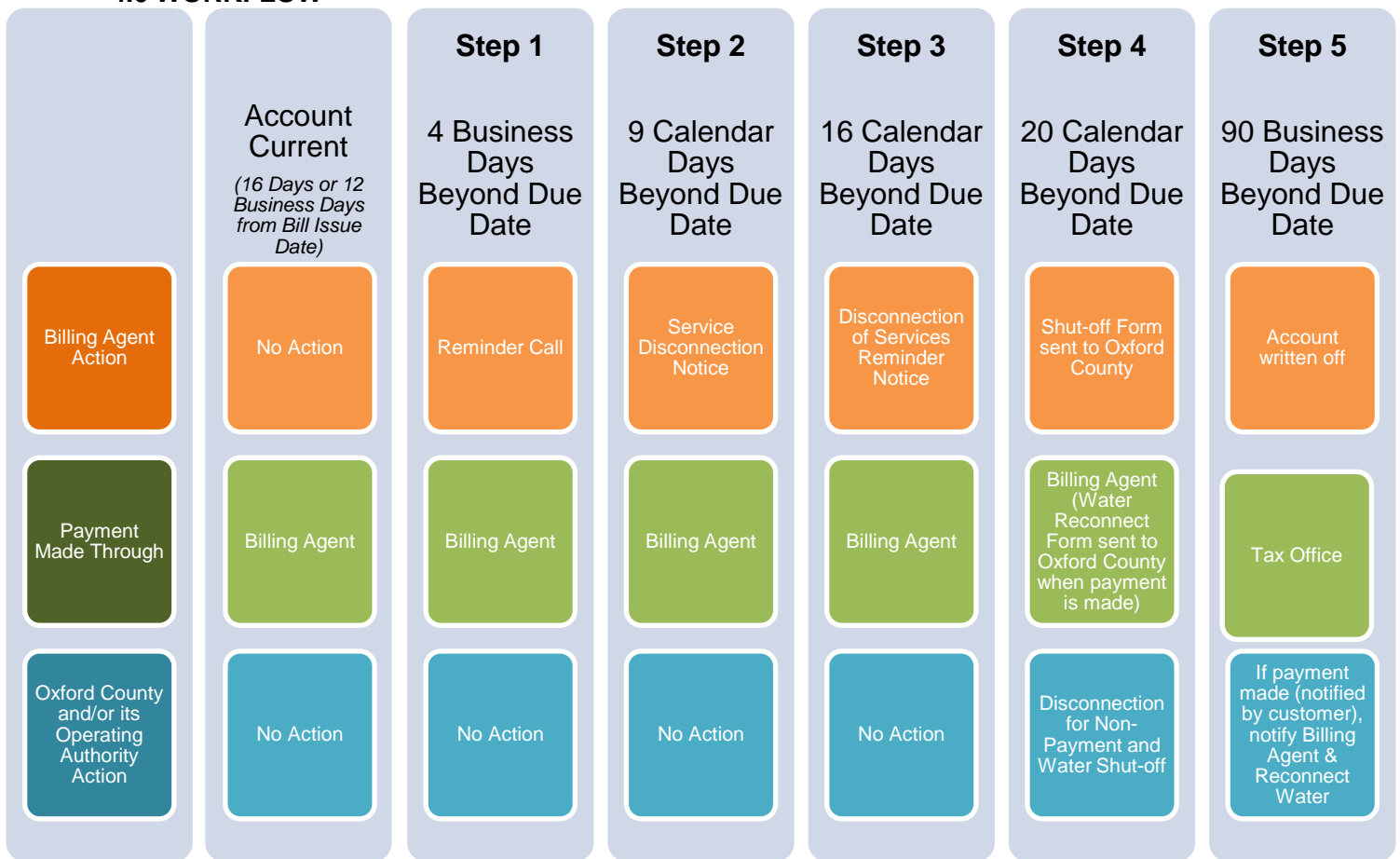
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Progressive Steps	Account Outstanding	Responsibility	Response Outcome
3	16 calendar days beyond due date	Billing Agent	<p>"Disconnection of Services Reminder Notice(s)" is issued to account holder.</p> <p>1st call – Advising account holder by phone (human contact) they have 48 hours to pay to avoid disconnection.</p> <p>2nd call – Advising account holder by phone (human contact) they have 48 hours to pay to avoid disconnection.</p> <p>Or if no valid number on file: Notice is delivered to premise that indicates the Billing Agent's office be contacted immediately.</p>
4	20 calendar days beyond due date	<p>Billing Agent Oxford County</p> <p>Oxford County and/or its Operating Authority</p>	<p>"Water Shut-off Notice" is sent to Oxford County Public Works by Billing Agent and water is shut-off. (Arrears balance greater than \$249)</p> <p>"Disconnection for Non-Payment" is left at property upon disconnection, advising them account must be paid through the Billing Agent to avoid balance transfer to property tax account.</p>
5	90 or more calendar days beyond due date	Oxford County	"Property Tax Transfer Notice" is issued to account holder and area municipality advising them their arrears have been transferred to property tax account.

¹ See Section 5.0 Exceptions to Collection Procedure

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4.0 WORKFLOW¹



¹ See Section 5.0 Exceptions to Collection Procedure

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5.0 EXCEPTIONS TO COLLECTION PROCEDURE

The following steps will be followed in place of the steps as set out in section 4.0 when the following circumstances exist:

5.1 One Meter on a Multiple Unit Property with Tenants:

In this case, the owner of the premises is held liable for the water used on the property. Shutting off water services would negatively affect individuals that have no control over payment of services.

Progressive Steps	Account Outstanding	Responsibility	Response Outcome
4	20 calendar days beyond due date	Billing Agent Oxford County Oxford County	“Water Shut-off Notice” is sent to Oxford County Public Works by Billing Agent and water is shut-off. (Arrears balance greater than \$249) The Billing Agent is notified by Oxford County that this property will not be shut-off, and to continue billing the account holder.
5	90 or more calendar days beyond due date	Oxford County	“Property Tax Transfer Notice” is issued to account holder and area municipality advising them their arrears have been transferred to property tax account.

5.2 One Meter per Unit of a Multi-Unit Property:

The account holder is not necessary the property owner.

Progressive Steps	Account Outstanding	Responsibility	Response Outcome
5	90 or more calendar days beyond due date	Billing Agent	The account is forwarded to the Collection Agency. Oxford County is notified of this action taken by Billing Agent.

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5.3 Wastewater Only Service:

There is no water service to shut-off.

Progressive Steps	Account Outstanding	Responsibility	Response Outcome
4	20 calendar days beyond due date	Billing Agent	No action
5	90 or more calendar days beyond due date	Oxford County	“Property Tax Transfer Notice” is issued to account holder and area municipality advising them their arrears have been transferred to property tax account.

5.4 Property under Mandatory Connection (however not connected):

The account holder is currently paying for services they are not using and are billed services in accordance with a mandatory connection by-law. Shutting off the water would allow user to avoid this mandatory service requirements, and provide no incentive to connect.

Progressive Steps	Account Outstanding	Responsibility	Response Outcome
4	20 calendar days beyond due date	Billing Agent	“Water Shut-off Notice” is sent to Oxford County Public Works by Billing Agent and water is shut-off. (Arrears balance greater than \$249)
		Oxford County	The Billing Agent is notified by Oxford County that this property will not be shut-off, and to continue billing the account holder.
5	90 or more calendar days beyond due date	Oxford County	“Property Tax Transfer Notice” is issued to account holder and area municipality advising them their arrears have been transferred to property tax account.