

**Purpose:**

- 1 To establish standards for Credit Management;
- 2 To minimize the cost of collecting accounts receivable;
- 3 To maximize the collection of revenue and cash flow for which credit is granted;
- 4 To establish credit granting, invoicing, collection, and write off standards;
- 5 To provide direction for the protection of City resources and management of financial risk;  
and
- 6 To establish standards conducive to timely and accurate customer service.

**Policy Statement(s):**

- 7 Credit Granting:
  - (1) Up-front payment for all goods or services is preferred to establishing credit accounts.
  - (2) A fully completed contract or credit application (signed by an authorized officer of the debtor's company) is by required from every credit customer.
  - (3) The City, within the process of Credit Granting, considers, but is not limited to the following to determine acceptance or rejection of all credit granting applications:
    - (a) Amount of credit requested;
    - (b) Business history;
    - (c) Credit history;
    - (d) Financial Statements (if required as a supplement to the credit application);
    - (e) Legal form of business (Corporation, Partnership, Sole Proprietor, etc.);
    - (f) Level of risk;
    - (g) Payment terms;
    - (h) References (if required as a supplement to the credit application); and
    - (i) Type of credit requested.
  - (4) Credit can be rescinded or reduced at any time.
  - (5) A security deposit may be required for credit accounts as deemed necessary by The City.
- 8 Invoice Processing:
  - (1) Invoices must meet the invoicing financial control standards.
  - (2) All customers are invoiced in a timely, accurate, and detailed manner.
- 9 Collection of Accounts Receivable:
  - (1) The City's standard credit term is net 30 days.
  - (2) The City may transfer funds owing to a customer through Accounts Payable to the customer's outstanding Accounts Receivable account as a form of payment.

(3) A third party collection agency may be used to collect outstanding accounts receivable balances.

**10 Write Off of Uncollectible Accounts Receivable:**

- (a) The City meets financial requirements for appropriate reporting of uncollectible accounts.
- (b) All write offs must be approved by The City Manager.

**Definitions:**

- 11 Accounts Payable:** Money owed by The City for goods and/or services provided in advance of payment.
- 12 Accounts Receivable:** Money owed from a customer in exchange for goods and/or services rendered with the reasonable expectation of collection.
- 13 Credit Management:** The process of controlling, granting credit, and collecting payments from customers.
- 14 Customer Call Outs:** Any type of request from a customer where City employees are summoned to deal with an emergency or complete a specific activity or repair.
- 15 Invoice:** A document that lists all goods and services provided, with a description of associated costs and payment options.
- 16 Invoicing Financial Control Standards:** A set of unique characteristics that identify and track amounts owing to The City. These include a unique identification number, the invoiced company name and address, The City's name and address, description of the goods or service, invoice date, due date, amount(s) being charged, all applicable taxes, and the total amount owed. All invoices are completed in The City's designated financial system.

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**Scope/Application:**

- 1** This policy applies to all City departments, but excludes property and business tax, legal claims, court enforceable fines, Bylaw Enforcement claims, loans, and development agreements.
- 2** Credit Granting excludes ambulance, fire, customer call outs and motor vehicle accident charges.

**Authority/Responsibility to Implement:**

- I Revenue & Assessment Manager

**Inquiries/Contact Person:**

- I Corporate Controller, Revenue and Collections, Revenue & Assessment Services

**Policy Monitoring and Evaluation:**

- I This policy will be reviewed every three years with revision made as required.

**Document History:**

<b>Date:</b>	<b>Approved/Reviewed By:</b>	<b>Title:</b>
November 20, 2015	"Craig Curtis"	City Manager
Revised: June 20, 2017	"Craig Curtis"	City Manager