

DECISION/DIRECTION NOTE

Title: Collection of Accounts Receivable Policy

Date Prepared: October 7, 2019

Report To: Committee of the Whole

Councillor and Role: Councillor Dave Lane - Finance and Administration

Ward: N/A

Decision/Direction Required: Approval of Collection of Accounts Receivable Policy and rescission of the current related policies.

Discussion – Background and Current Status:

For Accounts Receivable that are overdue, City staff follow up with account holders to arrange collection of the money owing. The new policy clearly outlines the collection tools available to City staff, up to and including the cutting of water services or the tax sale of eligible properties, as well as providing a framework for the abatement of interest charges under certain circumstances.

There are currently four individual policies related to accounts receivable, including:

- [04-03-01 Tax Collection](#)
- [04-03-02 Water Cut-Off Procedure/Policy](#)
- [04-03-04 Social Assistance Interest Abatements](#)
- [04-03-05 Interest Abatement Policy](#)

All relevant elements from these policies have been included in the new policy and updated, where applicable.

Key Considerations/Implications:

1. Budget/Financial Implications: There are no direct budget or financial implications.
2. Partners or Other Stakeholders: There are no external partners or stakeholders.
3. Alignment with Strategic Directions/Adopted Plans:
This policy directly relates to the “Sustainable City” Strategic Direction and the goal to “Be financial responsible and accountable” and is included in initiative S1.1 related to the development of effective policies and procedures.

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4. Legal or Policy Implications:
The City of St. John's Municipal Taxation Act provides the authority for accounts receivable collection by City staff and the remedies available for nonpayment. The Office of the City Solicitor has reviewed and approved the policy.
5. Privacy Implications: Not Applicable.
6. Engagement and Communications Considerations: Not Applicable.
7. Human Resource Implications: Not Applicable.
8. Procurement Implications: Not Applicable.
9. Information Technology Implications: Not Applicable.
10. Other Implications: Not Applicable.

Recommendation: It is recommended that the Council approve the Collection of Accounts Receivable Policy and the rescission of the current related policies.

Prepared by/Date: Trina Caines, Policy Analyst / October 7, 2019

Reviewed by/Date: Gord Meaney, Manager, Revenue Accounting;
Shelley Traverse, Manager, Financial Services / September 20, 2019

Approved by/Date: Derek Coffey, DCM, Finance and Administration;
Elaine Henley, City Clerk, CPC Co-Chair;
Roshni Antony, Manager - HR Advisory Services, CPC Co-Chair / October 7, 2019

Attachments:

04-03-01 Collection of Accounts Receivable Policy (draft)

DRAFT – For Discussion Only

City of St. John's Corporate and Operational Policy Manual

Policy Title: Collection of Accounts Receivable Policy	Policy #: 04-03-01 (Replaces current 04-03-01 Tax Collection and other policies)
Last Revision Date: N/A	Policy Section: Finance and Accounting > Collections
Policy Sponsor: Deputy City Manager, Finance and Administration	

1. Policy Statement

This policy provides guidelines to Employees and the general public for the collection of Accounts Receivable, excluding those related to operations of Community Services.

2. Definitions

“Accommodation Tax” shall have the same meaning as stated in Section 28(1) of the City of St. John's Municipal Taxation Act, that is, a tax imposed upon a person who, for a daily charge, fee or remuneration is accommodated, lodges or stays in a room in a building in the city which is (a) licensed under the Tourist Establishments Act ; or (b) owned by the Memorial University of Newfoundland.

“Account Holder” means a person whose name is associated with a City of St. John's account.

“Accounts Payable” means money to be paid by the City to an Account Holder.

“Accounts Receivable” means money owed by an Account Holder that has not been paid by the due date for Real Property Tax, Water Tax, civic assessments, Accommodation Tax, Robin Hood Bay Waste Management Facility fees, and any other monies owed to the City as deemed appropriate by the Deputy City Manager, Finance and Administration, excluding those related to the operations of Community Services.

“Accounts Receivable Manager” means any manager/supervisor in the Department of Finance and Administration with responsibility for the collection of Accounts Receivable.

“Commercial Property” shall have the same meaning as defined by Section 2(d) of the City of St. John’s Municipal Taxation Act, that is, “all real property other than residential property”.

“Employee” means any person employed by the City of St. John’s as a permanent, term, part-time, casual, contract, seasonal, temporary, or student worker.

“Occupier” shall have the same meaning as defined by Section 2(h) of the City of St. John’s Municipal Taxation Act, that is, “the person in actual occupation of real property who is listed in the assessment roll of the city as the owner, lessee or tenant of that property”.

“Real Property Tax” shall have the same meaning as stated in Section 3 of the City of St. John’s Municipal Taxation Act, that is, “an annual tax to be known as ‘the real property tax’ on owners of real property within the city...”.

“Residential Property” shall have the same meaning as defined by Section 2(j) of the City of St. John’s Municipal Taxation Act, that is, “real property that is used or designed for use as a domestic establishment in which one or more persons usually sleep and prepare and serve meals, and includes land or buildings that are appurtenant to that property”.

“Water Tax” shall have the same meaning as stated in Section 20(1) of the City of St. John’s Municipal Taxation Act, that is, “an annual tax to be known as “the water tax” in respect of water supplied to that real property”.

3. Policy Requirements

3.1 Interest Abatement and Interest Free Re-Payment

3.1.1 Full Payment of Outstanding Balance

An Accounts Receivable Manager may authorize abatement of up to 30 percent of the unpaid interest to a maximum of \$500, to Account Holders who pay their full outstanding balance. Interest abatements in excess of

these limits may be made with the written approval of the Deputy City Manager (DCM), Finance and Administration.

3.1.2 Interest of Less Than \$500

An Accounts Receivable Manager may authorize interest abatement up to 100 per cent of interest charged where the full amount of the interest charged is \$500 or less, and where the interest has accrued (i) because of an error or omission by the City, and/or (ii) for other extenuating circumstances to be determined in the sole discretion of an Accounts Receivable Manager. Interest abatements in excess of these limits may be made with the written approval of the DCM, Finance and Administration.

3.1.3 Interest Free Re-Payment Period

Any interest free repayment period shall be based on recommendation of an Accounts Receivable Manager and subject to the approval of the DCM, Finance and Administration.

3.1.4 Government of Newfoundland and Labrador Clients

Upon receipt of payment on behalf of the Account Holder from the Government of Newfoundland and Labrador, an Accounts Receivable Manager may authorize abatement of past interest charges and the waiving of future interest accrual for the periods related to the payment.

3.2 Collection Agency

At the discretion of an Accounts Receivable Manager, Accounts Receivable may be referred to a collection agency.

3.3 Application of Accounts Payable to Accounts Receivable

Where the City has Accounts Payable to Account Holders who have Accounts Receivable, the City shall withhold payment and apply it against Accounts Receivable unless an exception is approved by the DCM, Finance and Administration.

3.4 Water Discontinuation

3.4.1 Residential Properties

If Employees have exhausted all efforts to make suitable payment arrangements with Account Holders for Accounts Receivable as determined by an Accounts Receivable Manager, Employees may discontinue water

services to a Residential Property after providing a 48-hour notice to property owners and Occupiers by posting the notice on the property.

3.4.2 Commercial Properties

If Employees have exhausted all efforts to make suitable payment arrangements with Account Holders for Accounts Receivable, as determined by an Accounts Receivable Manager, Employees may discontinue water services to a Commercial Property after providing five business days' notice to property owners and Occupiers by posting the notice on the property and delivering the notice to all Occupiers of the property.

3.5 Municipal Tax Sale

With Council approval and as authorized by the City of St. John's Municipal Taxation Act, non-owner-occupied Residential Properties and all Commercial Properties with Accounts Receivable are eligible for tax sale.

3.6 Legal Action

The City may take legal action against an Account Holder to recover or collect Accounts Receivable.

4. Application

The policy applies to all Accounts Receivable Managers and all Employees responsible for collecting the Accounts Receivable, and to all Account Holders with Accounts Receivable as defined in this policy as "money owed by an Account Holder that has not been paid by the due date for Real Property Tax, Water Tax, civic assessments, Accommodation Tax, Robin Hood Bay Waste Management Facility fees, and any other monies owed to the City as deemed appropriate by the DCM, Finance and Administration, excluding those related to the operations of Community Services".

5. Responsibilities

5.1 Accounts Receivable Managers are responsible for:

- a) overseeing the implementation of the policy; and
- b) ensuring decisions are made in the best interest of the City.

5.2 Employees responsible for Accounts Receivable collection are responsible for:

- a) complying with the policy, including ensuring appropriate approvals are obtained before action is taken.

5.3 The DCM, Finance and Administration is responsible for:

- a) written approval of interest abatements in excess of authorized limits; and
- b) providing direction on Accounts Receivable subject to the policy.

6. References

[City of St. John's Municipal Taxation Act](#)

7. Approval

- Policy Sponsor: DCM, Finance and Administration
- Policy Writer: Policy Analyst
- Date of Approval from
 - Corporate Policy Committee: June 6, 2019
 - Senior Executive Committee:
 - Committee of the Whole:
- Date of Approval from Council:

8. Monitoring and Contravention

Accounts Receivable Managers shall monitor the application of this policy. Any contravention of the policy may be brought to the attention of the DCM, Finance and Administration; the City Manager; and/or the Office of the City Solicitor for further investigation and potential follow up disciplinary or legal action.

9. Review Date

Initial Review: 3 years, Subsequent Reviews: 5 years