

**THE CORPORATION OF THE CITY OF WINDSOR
POLICY**

Primary Owner:	Office of the Chief Financial Officer & City Treasurer	Policy No.:	TBD
		Approval Date:	November 19, 2012
Secondary Owner:	n/a	Approved By:	M487-2012
Subject:	Corporate Accounts Receivable Billing Policy	Effective Date:	November 19, 2012
		Procedure Ref.:	n/a
		<i>Pages: 5</i>	Date:
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1. POLICY

2.1 This policy is intended to govern the issuance of necessary accounts receivable (AR) billings, that are in the best interest of, and further support the operations of the City. It is the City’s preference to receive payment by cash, debit or credit card where available at point of sale, delivery or completion of service.

2. PURPOSE

2.2 To provide guidelines that will facilitate timely, accurate, consistent and properly authorized issuance of AR billings that in turn support efficient and effective collection of said receivables.

2.3 To outline the common types of A/R Billings and their requirements prior to issuing.

3. SCOPE

3.1 This policy applies to all City of Windsor Departments, agencies, boards, commissions and committees (ABCs) funded by the City of Windsor, in whole or part, or whose governing body contains City of Windsor representation **and** whose financial transactions are accounted for within a City of Windsor financial system.

3.2 Accounts receivable billings include all charges invoiced by City Departments and relevant ABCs (as defined in 3.1) for goods, services and financial commitments to the city.

4. RESPONSIBILITY

4.1 The **Chief Financial Officer (CFO) & City Treasurer** or designate is responsible to:

4.1.1 Approve department documented procedures or checklists ensuring compliance and reasonable controls are in place.

4.1.2 Investigate/review alleged policy non-compliance and authorize invoice reversal when applicable.

4.1.3 The review of this policy, at a minimum every five years, and update as required.

4.2 Executive Directors, or designate, (or equivalents for ABC s) are responsible to:

- 4.2.1** Develop department specific billing procedures or utilize recommended ‘A/R Billing Checklist’ to facilitate compliance with this policy.
- 4.2.2** Communicate this policy and train those performing A/R billing functions.
- 4.2.3** Provide, in writing, names of individuals, with the authority to initiate A/R adjustments and/or cancellations to the Manager of Accounting Services.
- 4.2.4** Maintain billing support for their respective areas, in accordance with the Corporate Record Retention Policy. (By Law Number 21-2013)
- 4.2.5** Provide billing support documentation to the Manager of Accounting Services and/or Finance Collections area upon request.
- 4.2.6** Resolve customer billing disputes.

4.3 The Manager of Accounting Services, or designate, is responsible to:

- 4.3.1** Review all A/R billing adjustments/cancellations, excluding billing write-offs. Write-offs must comply with the Trade Receivable Collection Policy. (CS.A.407)
- 4.3.2** Maintain a listing of individuals designated by Executive Directors to approve the Billing Credit/ Adjustment or Cancellation forms.

5. GOVERNING RULES AND REGULATIONS

5.1 Section 391 of the Municipal Act, 2001 allows a municipality to pass by-laws imposing fees or charges on any class of persons for services or activities or for the use of its properties. As such, all corporate billings that are allowable charges under the “Act, Part XII, Fees and Charges,” must also mirror the fees as scheduled within the most current City Council approved, “Schedule of Fees and Charges.”

5.1.1 All other invoices must be in compliance with applicable Council resolutions, agreements, contracts etc.

5.2 It is not the intent of this policy to facilitate the establishment of lending criteria through credit applications, credit checks or other standardized means of extending credit. However, departments must evaluate any known risks through past experience, prior financial dealings, or potential insolvency - prior to providing goods or services.

5.3 The standard payment term is Net 30 days – default financial system settings should be applied accordingly. Exceptions are permitted where specific, contractual, arrangements have been made and duly authorized.

5.4 Amounts under twenty (\$20) dollars for products/services must be collected at the point of service or delivery of product and cannot be billed through the accounts receivable system.

5.5 Disputed billings in whole or in part, which cannot be supported by Departments, must be reversed.

5.6 Departments must issue, interest bearing, A/R billings to incent timely payment and maximize interest revenue unless billings fall under section 5.6.1 or 5.6.2. Interest bearing A/R billings must be supported by a binding contract or agreement or written acknowledgement in order to facilitate collection thereof. City Departments are encouraged to develop and execute contractual agreements allowing for the addition of

late payment charges as approved by City Council within the annual schedule of fees and charges.

5.6.1 A/R billings NOT supported by way of binding contract or agreement or written acknowledgement must be issued as non-interest bearing.

5.6.2 Billings with payment terms exceeding 30 days and/or specially contracted interest rates may be established with the assistance and direction of the Chief Financial Officer & City Treasurer (see section 5.12.5).

5.7 When departments have been advised of an account that has become seriously delinquent, the respective Executive Director should consider discontinuation of services. Where service has been discontinued, prior to re-instating, departments should contact Finance Collections staff to verify the customer's payment status.

5.8 The Corporate A/R billing system is **NOT** to be used for inter-departmental billings.

5.9 Should it be determined that a Department has not followed the guidelines of this policy, performed due diligence, or by action or in-action rendered a receivable non-collectible, the Finance Department reserves the right to reverse the invoice, effectively reducing the Department's revenue.

5.10 Notwithstanding this policy, costs associated with damage to City of Windsor property as a result of a motor vehicle accident or similar insurable claims should not be invoiced. Cost claims by department, including copies of police reports, should be forwarded to Risk Management to initiate restitution claims with the insurer.

5.11 Types of Billing related to this policy:

5.11.1 A/R Trade Receivables – Invoices generated from a City financial system, billed out to a customer for goods or services with payment terms 30 days, or less, from the invoice date.

5.11.2 Other A/R Trade Receivables – Invoices generated from a City financial system, billed out to a customer with payment terms greater than 30 days, but less than 1 year from the invoice date.

5.11.3 Long-Term Receivables – Invoices generated from a City financial system, billed out to a customer with a portion of payment due greater than 1 year from the invoice date.

5.11.4 Contracts / Agreements – Commonly used for long-term arrangements or special circumstances, accompanied by an A/R invoice generated from a City financial system.

5.11.5 Billings issued by Finance for cheques returned by a banking institution.

5.12 Departments issuing A/R billings must abide by the following best practices to facilitate timely and accurate billings:

5.12.1 Customers should be billed immediately upon product delivery and/or service completion.

5.12.2 A/R billings must be accurate and contain the following:

- a) Customer name and address. (The legal name rather than the name of the operating company.)
- b) Refrain from using “to the attention of” a specific individual, reference may be made to a department or position

- c) Amount billed
- d) Amount of applicable taxes
- e) Interest bearing or non-interest bearing, and
- f) Inclusion of attachments where applicable.

5.12.3 Ensure that all corporate billings are properly authorized and supported.

- Departments are expected to maintain supporting documentation for all corporate billings including appropriate authorizations. Supporting documentation might include work orders, progress certificates, executed contracts etc.

5.12.4 Ensure that any and all adjustments, cancellations or credit memos are properly authorized and supported.

- Departments must complete the Billing Credit/ Adjustment or Cancellation form and forward an appropriately approved form to Accounting Services with supporting documentation.

5.12.5 Billings with payment terms exceeding 30 days and/or specially contracted interest rates may be established with the assistance and direction of the Chief Financial Officer & City Treasurer. The following must be provided:

- Total amount due
- Payment date(s)
- Interest rate
- Customer contact information
- Billing department contact information
- Details of product/service provided
- Supporting Documentation; i.e. contracts and/or basis reports & corresponding council resolutions and option to add to Property Tax Roll where applicable.

6. REFERENCES AND RELATED DOCUMENTS

6.1 Accounts Receivable Billing Checklist - APPENDIX A

6.2 Trade Receivable Collection Policy (CS.A4.07)

6.3 Billing Credit/Adjustment or Cancellation Form

Recommended AR Billing Checklist

As outlined in the Corporate Billing Policy, prior to financial dealings with potential Accounts Receivable Customers:

- Departments must evaluate any known risks based on past experience, prior financial dealings, or potential insolvency prior to providing goods or services.
- The appropriate supporting documentation such as work orders, agreements, contracts etc. have been prepared and executed. Specifically, documentation outlining names, work to be completed, payment terms, customer signature etc. has been completed.
- Standard terms are Net 30 days, billings with terms exceeding 30 days and/or specifically contracted interest rates may be established where appropriate. Contact the Manager of Accounting Services for assistance.
- Amounts under \$20 for products/services must be collected at point of service or delivery of product and cannot be billed through accounts receivable.

When issuing an Accounts Receivable invoice:

- Customers should be billed immediately upon product delivery and/or service completion.
- Accuracy of customer name and address. (The legal name rather than the name of the operating company.)
- Refrain from using "to the attention of" a specific individual, reference may be made to a department or position.
- Accuracy of amount billed, amount of applicable taxes, payment terms, invoice description, interest bearing or non-interest bearing and inclusion of attachments where applicable.
- Standard terms are Net 30 days interest bearing: which must be supported by a binding contract, agreement or written acknowledgement in order to facilitate collection thereof, otherwise terms should be non-interest bearing.
- Maintain supporting documents for all corporate billings including appropriate authorizations. Supporting documents may include work orders, progress certificates, executed contracts etc.
- A long-term receivable (with a portion of the payment due greater than 1 year from invoice date) may only be issued with the assistance of the Manager of Accounting Services.