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## **Council-In-Committee Meeting – June 12, 2025**

Subject: Accounts Receivable Collection Policy Update  
Report Number: CS-25-061  
Division: Corporate Services  
Department: Financial Management and Planning  
Ward: All Wards  
Purpose: For Decision

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### **Recommendation(s):**

That Report CS-25-061 Accounts Receivable Collection Policy Update be received as information; and

That Policy FS-21 Delegation of Authority to Write Off Certain Accounts Receivable be repealed; and

Further that Policy FS-30 Accounts Receivable Collection Policy be repealed and replaced with Policy GP-027 Account Receivable Collection Policy, effective immediately.

### **Executive Summary:**

As a best practice, many municipalities maintain an Accounts Receivable Collection Policy which outlines the administration processes utilized by accounts receivable staff within the organization daily. These policies, when updated regularly, are an effective tool for both internal and external stakeholders of a municipality to better understand the accounts receivable collection process as well as to better communicate existing practices to external stakeholders.

Policy FS-30 Accounts Receivable Collection Policy is the existing policy utilized by Norfolk County. This policy was enacted by Council on January 22, 2020 and was last updated on June 9, 2020. With this existing policy being active for over 5 years, staff determined it was appropriate to complete a comprehensive review at this time. As a result, staff have prepared an updated Policy GP-027 Accounts Receivable Collection Policy with an effective date of June 24, 2025 for Council's consideration (in accordance with Norfolk's new policy framework) which will repeal and replace the existing policy (FS-30).

The main outcomes of the policy update include the following:

- Removal of the Provincial Offences Act collection references as now covered in separate policy;
- Completion of revisions to the policy as previously approved through staff report CS-24-067;
- Increase collection actions by allowing for the provision of sale of personal property; and
- Align with other County collection efforts; and
- Minor housekeeping and definition updates.

In addition to the comprehensive review of the Accounts Receivable Collection Policy, staff also reviewed Policy FS-21 Delegation of Authority to Write Off Certain Accounts Receivable. This policy was approved on November 30, 2010 and has never been revised. During this review, it was determined that the policy was redundant as write-off criteria are established in the collection policies for POA, Taxes and Accounts Receivable. Therefore, staff are recommending that this policy be repealed.

### **Discussions:**

The comprehensive review of the Accounts Receivable Collection Policy has resulted in a few changes to the existing policy which are discussed below. Included as Attachment 1 to this report is the new policy while the existing policy has been included as Attachment 2 for reference.

#### Policy Updates:

*Existing Policy:* Identifies tax arrears as being the only exclusion from this policy.

*New Policy:* Identifies both tax arrears and Provincial Offences Act (POA) fines as being excluded from the Accounts Receivable Collection Policy.

*Existing Policy:* Requires set-offs to be reviewed by the County's legal counsel.

*New Policy:* Removes the requirement to have set-offs reviewed by the County's legal counsel.

These updates were necessary due to staff report CS-24-067 that was presented to Council at October 8, 2024 CIC meeting. Through this staff report, Council approved the striking of all references made to the POA as it is now covered by its own policy, GP-020 Provincial Offences Act Fine Collection Policy. Another update from this staff report included a minor amendment to Section 5 subparagraph f) which removed the requirement to have set-offs reviewed by the County's legal counsel.

An update on the reporting of annual write-offs was also included in the policy to reflect the current process.

### Policy Additions:

*Existing Policy:* The sale of personal property as a collection action was not specifically noted or discussed.

*New Policy:* Establishes a formal process, whereby, the Manager, Revenue Services could initiate the sale of personal property that remains on County owned or leased land or buildings upon completion of the contract/service term (e.g. sale of boat for marina storage fees outstanding).

Based on a review of aging accounts receivable and collection actions available in the existing policy, staff identified an additional collection action which, if added to the policy, could support enhanced collection. Staff noted that there are receivables on the books for boats which remain stored at the County marina since 2015. Allowing for the sale of customer's personal property that has been abandoned by their owner will free up space for additional storage and allow the County to recoup historical storage fees and also allows greater flexibility for collection actions at the staff level. This policy amendment could support other similar situations should they occur. Legal opinion would be sought if staff identified the requirement.

### **Financial Services Comments:**

There are no direct immediate financial implications associated with this report. The proposed changes made to the Accounts Receivable Collection Policy are intended to solidify current account receivable collection practices and to create a more useful document for customers of the County.

For context, here is a summary of the aging of accounts receivable as at December 31 for the past 3 years:

	0-30 days	30-60 days	61-90 days	>90 days	Total
2024	\$695,835	\$39,475	\$18,436	\$416,819	\$1,170,565
2023	\$284,613	\$64,432	\$23,119	\$444,446	\$816,610
2022	\$478,936	\$13,584	\$8,348	\$438,548	\$939,416

Note: 0-30 days varies due to year end drains billing (\$568,787, \$1,151 and \$262,406 respectively)

Amounts over 90 days have remained consistent over the past few years. Historically, these funds were left with one collection agency. Staff's plan is to change the accounts receivable collections processes to align with the POA collections policy for enhanced collections. This process change will result in rotating the accounts receivable through three different collection agencies, and providing new collection files to the agencies based on performance. As ultimate collection is uncertain, an allowance for doubtful accounts has been set up for amounts aged beyond 90 days.

**Interdepartmental Implications:**

None.

**Consultation(s):**

Tax Collector/Manager, Revenue Services, Supervisor Corporate Collections, Marinas Manager, General Manager, Community and Development Services

**Strategic Plan Linkage:**

This report aligns with the 2022-2026 Council Strategic Priority Serving Norfolk - Ensuring a fiscally responsible organization with engaged employees who value excellent service.

Explanation: Providing an updated policy will allow for a more comprehensive customer service experience as it relates to the accounts receivable function.

**Attachment(s):**

- Attachment 1 – GP-027 Accounts Receivable Collection Policy – Effective June 24, 2025
- Attachment 2 – FS-30 Accounts Receivable Collection Policy – To Be Repealed
- Attachment 3 – FS-21 Delegation of Authority to Write Off Certain Accounts Receivable – To Be Repealed

**Approval:**

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