

**Policy statement**

Leduc County commits to minimizing the impact of bad debts to the County through sound business practices and consistent procedures relating to collections. This policy establishes guidelines for the write-off of accounts receivable that are deemed uncollectible.

**Definitions**

*Accounts receivable* means an amount owed to the County for goods or services for which payment has not yet been received. This includes invoices for goods/services provided, property taxes owed and outstanding utility account balances.

*Bad debt* means an amount owed to the County that is no longer deemed recoverable.

*Write-off* means an accounting entry to remove an amount from Leduc County’s accounts receivable records. When a receivable is written off, the money is still legally due to Leduc County and may be collected.

**Policy authority**

*Legislative implications:*

- *Municipal Government Act (MGA), Section 553*

*Bylaw implications:*

- Fees and Charges Bylaw

**Policy standards**

1. Council will approve write-offs for individual accounts receivable with outstanding balances of over \$500.
2. County Manager or delegate will approve write-offs for individual accounts receivable with balances under \$500.

**Policy processes**

1. Annually, the Finance department will identify uncollectible individual accounts and seek Council’s approval for write-off. Accounts will be deemed uncollectible once Finance has made multiple attempts to contact the account holder by phone and/or email, sent reminder letters and the account is sent to a collections agency for a minimum of a one-year period without payment on the account.
2. Accounts receivable may be considered for write-off when one or more of the following conditions exist:
  - The receivable cannot be transferred to property taxes, in accordance with Section 553 of the Municipal Government Act.
  - The County’s collection procedures have been followed but were unsuccessful.
  - The anticipated cost of recovery is greater than the expected recovery.
  - The collection agency has exhausted all efforts to recover the receivables where applicable.
  - The debtor has declared bankruptcy.
  - The debtor is deceased and there is nothing available from the estate.

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3. Finance will maintain records of written off accounts. If the County receives revenue relating to an account that has been written off, the payment will be applied to other revenue.

**Policy responsibilities**

*Council responsibilities:*

Council will,

- Approve the Uncollectible Receivables policy.
- Approve write-offs for individual account balances over \$500.
- Delegate approval of all accounts receivable write-offs up to \$500 to Administration.

*Administration responsibilities:*

County Manager will,

- Approve the administrative directive.
- Approve or delegate approval of all uncollectible accounts receivable up to \$500 to the Director of Finance.

Director of Finance will,

- Approve uncollectible receivable write-offs up to \$500.
- Recommend updates to this policy and administrative directive as required.

Senior management, managers and supervisors will,

- Assist with the collections of receivables as needed.

Finance department will,

- Identify uncollectible accounts receivable, property taxes receivable and utilities receivable.
- Follow collection procedures to recover as many receivables internally as possible.
- Regularly send accounts to a collection agency when applicable.
- Prepare an annual report to Council for accounts to be written off.

**Monitoring and updating**

- This policy will be posted on Leduc County’s website.
- This policy will be reviewed at least once every four years.

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