



Signatures: **SATCC Commission Board Chair**

SATCC Commission Board Vice Chair

Board Category Financial – F5
and Policy Name: Accounts Receivable (A/R) Collection & Write-Off or Cancellation Policy

Approved: June 21, 2023

Supersedes: June 21, 2017; September 30, 2020

**Next scheduled
review:** November 2025

Policy: The SATCC will establish and maintain accounts receivable controls and collection practices. The SATCC will identify uncollectible receivables and request write-off or cancellation by the Audit and Finance Committee for amounts \$1,000 or greater and by the CEO or delegate for amounts less than \$1,000.

Collection Activities:

Procedures: At minimum collection activities are to include:

- An invoice issued immediately upon provision of goods or services.
- 30, 60, and 90 day letters; and
- Telephone or personal contact between letters.

When determining collection beyond the minimum requirements, the SATCC should consider the amount of the receivable, the effort required to collect, and the likelihood of collection.

The SATCC may take a debtor to Small Claims Court to collect amounts of \$5,000 or less.

The SATCC may consult legal counsel for advice when pursuing claims directly or through Small Claims Court.

Where a debt is owed by a person who, since the debt was incurred, has declared bankruptcy, the SATCC should consider filing a claim with the trustee in bankruptcy and make every effort to recover the amount from the bankrupt estate.

The SATCC may apply a set-off against any payments due to a person, where any money due or payable to SATCC has been deemed uncollectable, after

standard collection procedures. Set offs are not to be initiated when the account is not in arrears or when repayment has been arranged.

The debtor must be notified immediately, in writing, when all or a portion of a payment has been withheld. See Notification Letter of Set-off.

Write Off or Cancellation of Accounts Receivable:

Procedures:

At minimum, annually, the SATCC is to identify uncollectible receivables. Accounts receivables are considered uncollectable when;

- The debtor is deceased and there is nothing collectable from the estate;
- The anticipated cost of collection is greater than the expected recovery;
- Extreme hardship will result if the account is collected;
- The debt collection period specified in *The Limitations Act* or any other applicable legislation has expired;
- Collection activities specified above have not been successful.

All accounts receivable transactions are to be promptly and accurately recorded by the Finance team on a monthly basis. Account receivable records are to be prepared at least quarterly for management review. These reports should be reviewed by the Director of Finance or the CFO who is responsible for the management of the accounts receivables.

Prior to the end of the fiscal year, the SATCC can record a write-off of accounts receivable after approval from the CEO or Audit and Finance Committee.

The SATCC should maintain records of written off accounts receivable. When the SATCC receives revenue related to an accounts receivable that has been written off, the revenue is to be coded to miscellaneous revenue.

Background

This policy outlines the accounting, reporting and internal control requirements for collecting accounts receivable and for the write off or cancellation of uncollectable accounts.

Write-Off: is an accounting entry to remove an amount from the SATCC's accounts receivable records. When a receivable is written off, the money is still legally due and may be collected.

Cancellation: is an adjustment of the amount due to the SATCC. When a receivable is cancelled, the debt is extinguished and the SATCC waives the right to reinstate it. No further collection activity can be undertaken because the money is no longer due to the SATCC.

