

# Revenue Control and Management Policy: Accounts Receivable Controls

The original recommended practice was developed by the Government Finance Officers Association (GFOA). Some aspects of the practice have been revised by the Financial Management Capacity Building Committee (FMCBC) for use by Nova Scotia municipal governments. The original GFOA recommended practice is *Revenue Policy: Accounts Receivable Controls*, approved by the GFOA in 2003 and 2007. Other sources used are footnoted in the text.

## Recommendation

The GFOA recommends that municipalities include accounts receivable controls and a policy statement as part of a revenue control and management policy. Proper controls around revenues are imperative in accounts receivable management to prevent inadvertent oversight of the various revenues collected. The GFOA contends that municipalities should include the following components in an accounts receivable policy:

- Internal Controls;
- Depositing of Received Funds;
- Billing Practices; and
- Accounts Receivable Collection.

## Purpose

The purpose of an accounts receivable controls policy is to encourage strong fiscal management practices, and to have proper control over a municipality's receivables. A comprehensive accounts receivable controls policy can help a municipality collect its revenues fairly, equitably, and timely. By collecting receivables in a timely framework, municipalities can have greater control over their cash flow and liquidity. This can help make a municipality financially stronger and viable.

## Background

Customers and taxpayers have no choice but to make the financial commitment of paying taxes, fees, and fines. However, customers and taxpayers may not pay on a consistent basis, and municipalities need to take certain steps to ensure that the payments are received. It is important for municipalities to institute a standard and consistent policy for collecting accounts receivables, and for dealing with delinquent and defaulting payers. By instituting consistent policies and procedures, customers and taxpayers may be more likely to repay their amounts due, to avoid further collection action.

## **Considerations for Policy Development**

In order to help municipalities develop a comprehensive and consistent accounts receivable policy, *Appendix I* offers components that should be included in the policy. Municipalities should distinguish between non-liable and liable revenues in the policy. In addition to identifying specific accounts receivable policies, municipalities should also include internal control measures surrounding accounts receivable collections. *Appendix II* is an example of an accounts receivable policy from the Halifax Regional Municipality. This example is a comprehensive version of how an accounts receivable policy may be structured.

## **Appendices**

Appendix I: Components of an Accounts Receivable Policy

Appendix II: Example of a Municipal Accounts Receivable Policy

## Appendix I: Components of an Accounts Receivable Policy

When municipalities develop an accounts receivable policy, they should include the following components. The components have been divided into general accounts receivable elements, non-liable accounts receivable procedures, and liable accounts receivable procedures to provide clarity for municipalities when developing their unique accounts receivable policy statement. Specific sections of the MGA have been provided with the corresponding components. A link to Part IV of the MGA is provided below, which may be helpful when developing an accounts receivable policy.

<http://www.gov.ns.ca/snsmr/muns/manuals/pdf/mga/mga06.pdf>

### I. General Accounts Receivable Elements

Municipalities should include various accounts receivable elements that can be applied to both non-liable and liable accounts receivables. The following are some general elements that should be found in an accounts receivable policy statement to provide accountability, security, and consistency.

#### *Internal Controls*

- Municipalities should establish standard internal controls that are properly documented and followed, which should include:
  - Generating the receivable;
  - Receipting the payment; and
  - Performing collection activities on delinquent accounts.
- Municipalities should establish a standard process to handle suspicious fraud or illegal activity.
  - Upon any suspicion of fraud, appropriate officials should be notified.
  - Municipalities should implement a system of internal controls.<sup>1</sup>

#### *Segregation of Duties*

- For internal control purposes, staff members that are responsible for the management/collection of accounts receivable must not handle or be responsible for the processing of receipts.<sup>2</sup>
- Different personnel should perform authorization, recording, and custodian functions or create explicit procedures in place.<sup>3</sup>

#### *Master File Records*

- Municipalities should maintain master file records of accounts receivable. This will make reporting and recovering documents easier in the future.<sup>4</sup>

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<sup>1</sup> Government Finance Officers Association. Revenue Control and Management Policy: Accounts Receivable Controls, Approved 2007.

<http://www.gfoa.org/downloads/revenueaccountsreceivable.pdf>.

<sup>2</sup> Ibid.

<sup>3</sup> Ibid.

<sup>4</sup> Government of Nova Scotia. Budgeting and Financial Management Manual – 11.1 Accounts Receivable.  
<http://www.gov.ns.ca/tpb/manuals/PDF/200/21101-03.pdf>.

### *Accounting and Reporting Procedures*

- Returned cheque charge to be established
  - For each returned cheque, a municipality may charge the customer's account whichever fee is applicable at the time of the cheque return.
- Annual review of balances
  - Each year, prior to year-end, all accounts receivable must be reviewed in preparation for the audit and to assess the adequacy of the allowance for doubtful accounts.
  - Assessments must be done to determine the need to write off any accounts.<sup>5</sup>

## **II. Non-Lienable Accounts Receivable Procedures**

The non-liable accounts receivable procedures section of the accounts receivable policy should include a definition of non-liable revenues. This can provide greater accountability, providing readers and ratepayers with a greater understanding of their repayment responsibilities. An example of a definition of non-liable revenues is:

Non-liable charges cannot be added to property charges, and cannot be charged against the value of property. Non-liable charges can include fines, fees, and penalties. Some examples of a non-liable charge may include bus tickets and passes, parking tickets, or encroachment fees. These examples are not all inclusive.

The following is a description of the components that should be found in non-liable accounts receivable procedures. Formal procedures should be implemented in order to provide consistency and a higher rate of repayment.

### *Issuing Statements*

- Municipalities should develop a consistent timeline to bill.
- The stipulations may need to differ based on the type of charge, but the repayment schedule should be specifically outlined.
  - For instance, with regular non-liable charges, municipalities should state when the bills are sent out and when they are due.
- The due date from the billing date should be at least 30 days.

### *Interest*

- If a municipality is going to charge interest on delinquent payments, the rate of interest should be stated in the policy and on the bills for the non-liable charges.

### *Refunds*

- Payments received in error or paid in excess of the invoice total will be refunded (with interest where required by law) to the payer by cheque or secured bank transferred only. These methods, municipalities can help prevent fraud and theft.

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<sup>5</sup> Government of Nova Scotia. Budgeting and Financial Management Manual – 11.1 Accounts Receivable.  
<http://www.gov.ns.ca/tpb/manuals/PDF/200/21101-03.pdf>.

- Refunds by cash, credit or debit cards should be avoided.
- No refund should be made if other invoices are outstanding on the account. A reduction in the ratepayer's account should be applied (maintaining the 'right to offset').<sup>6</sup>

#### *Minimum Invoice Amount*

- In order to defer administrative costs, municipalities should establish a minimum limit permitted to be invoiced for non-lienable charges. Amounts due less than the minimum amount should be paid in advance or at the time the good or service is provided.
- The municipality should monitor and report compliance annually with these requirements.<sup>7</sup>

#### *Collection Procedures*

- Municipalities should establish collection procedures, taking into consideration the dollar amount of the receivables outstanding.
- The municipality should determine the effective cost of collecting non-lienable charges. This should depend on the amount owed and the account history or repayment.<sup>8</sup>

#### *Offer Different Payment Options*

- The standard payment options should be outlined in the policy. Payment options generally include cash, cheque, credit, debit cards, electronic funds transfers for goods and services provided.<sup>9</sup>
- Municipalities could also establish other locations for ratepayers to pay municipal bills, such a local bank branches.
- Municipalities could also establish online payment options to allow for payment online.
- Another possibility is establishing an *Epost* account to allow taxpayers and customers to pay online. *Epost* is an internet service offered by Canada Post, where customers can add, view, pay, and manage various bills and financial documents.<sup>10</sup>
- Electronic payments can help:
  - Reduce the risk of cheque fraud;
  - Reduce costs, time and errors associated with manual payment processing; and
  - Gain more control over high volume and high dollar cash flows.<sup>11</sup>

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<sup>6</sup> Government of Nova Scotia. Budgeting and Financial Management Manual – 11.1 Accounts Receivable.  
<http://www.gov.ns.ca/tpb/manuals/PDF/200/21101-03.pdf>.

<sup>7</sup> City of Thunder Bay. Corporate Policy – Credit and Collection. January 11, 2005.

<sup>8</sup> Government of Nova Scotia. Budgeting and Financial Management Manual – 11.1 Accounts Receivable.  
<http://www.gov.ns.ca/tpb/manuals/PDF/200/21101-03.pdf>.

<sup>9</sup> City of Thunder Bay. Corporate Policy – Credit and Collection. January 11, 2005.

<sup>10</sup> Ibid.

<sup>11</sup> Bank of Montreal. Electronic Tax Payments.  
[http://www4.bmo.com/business/0.4344.35490\\_36172.00.html](http://www4.bmo.com/business/0.4344.35490_36172.00.html).

#### *Written and Verbal Follow Up*

- Non-liable accounts with an outstanding balance should be sent a letter or called by telephone if any payment or full payment is not received by the due date.
- Municipalities should make contact at least twice if there is no response from the initial contact.
- When delinquent account holders are contacted, they should be provided with options to make the repayments on their charge.

#### *Business Occupancy Tax*

- Business Occupancy Tax is a non-liable tax placed on business owners.
- Municipalities find it very difficult to collect the Business Occupancy Tax because it is non-liable, which makes it difficult to enforce.
- [Section 162 of the MGA](#) describes the details of collecting the Business Occupancy Tax

##### *Business occupancy tax payable*

- (1) *Where a person commences a business, opens a business at a new or additional location or engages again in a business during a fiscal year and is assessed for business occupancy assessment as a result, the Director of Assessment shall forthwith notify the treasurer.*
- (2) *Upon receipt of the notice, the treasurer shall forthwith notify the person assessed of the amount of the tax due.*
- (3) *The tax payable pursuant to this Section is that proportion of the taxes for the full fiscal year, that the number of days from the day on which the person commenced the business, opened it at the new or additional location or engaged again in the business, as the case may be, until the last day of the fiscal year, bears the total number of days in the fiscal year.*

#### *Denial of Further Credit and/or Service*

- If persistent contact does not result in repayment of the charge, municipalities should consider denying further credit and/or service.
- A formal policy to deny further credit and/or service should be established, including when to deny further credit and/or service should be made by the municipality.<sup>12</sup>

### **III. Liable Accounts Receivable Procedures**

The accounts receivable policy should include a section pertaining specifically to liable accounts receivables. The liable accounts receivable procedures should include a definition of liable charges consistent with the MGA to provide greater accountability, to ensure a greater understanding of their payment responsibilities. The following is an example of a definition of liable revenues.

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<sup>12</sup> Government of Nova Scotia. [Budgeting and Financial Management Manual – 11.1 Accounts Receivable](http://www.gov.ns.ca/tpb/manuals/PDF/200/21101-03.pdf). <http://www.gov.ns.ca/tpb/manuals/PDF/200/21101-03.pdf>.

Lienable charges can be placed upon real property. Examples include real property taxes, residential and commercial property taxes, interest, false alarm fines, unsightly premises charges, and local improvement charges. Lienable charges remain as encumbrances on a property until they are paid and can initiate a tax sale process in accordance with the Municipal Government Act.

Formal procedures surrounding the lienable revenues should be clearly outlined in the accounts receivable policy statement. The collection of delinquent lienable charges can be complex and confusing, and municipalities should clearly explain this process to enhance accountability and avoid confusion. The following is a list of components that should be included in a lienable accounts receivable policy.

#### *Issuing Statements*

- The policy should include how many times tax bills and other billings are sent throughout the year. Each tax bill should include the current amount due and any overdue balances.
- The timing for all bill payments should be established in the accounts receivable policy.
- Regular statements should be issued to advise customers of the balance on their account at the date of the statement. The statements should include details of the current period documents; the balance carried forward from the previous period, and/or accrued interest. As a result of the regular statements, many customers will respond:
  - Make payment to clear account; or
  - Make arrangements for payment.<sup>13</sup>
- [Section 117 of the MGA](#) outlines how municipalities can issue tax bills:

#### *Tax Bills*

- (1) Every person liable to pay taxes shall be served with a tax bill showing the amount of taxes for the current year, the due date, and all arrears of taxes by that person or in respect of the property.*
- (2) The tax bill shall be served personally or mailed to the address shown on the assessment roll or any more current address known to the treasurer.*
- (3) Where taxes are due on property of persons unknown or the address of the owner is unknown, the tax bill shall be posted in a conspicuous place on the property.*
- (4) The tax bill shall contain a concise statement of the terms of incentives for early payment of taxes, interest on overdue taxes, and instalment payment options allowed by the council.*
- (5) Where there is an error in the name of a person in a tax bill, the taxes may be collected from the person intended to be taxed if the person is taxable and can be identified.*

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<sup>13</sup> City of Thunder Bay. [Corporate Policy – Credit and Collection](#). January 11, 2005.

### *Interest*

- If a municipality chooses to charge interest on delinquent payments, they must outline the terms of interest in the policy statement and on the bill.
- [Section 113 of the MGA](#) outlines a municipality's ability to provide incentives and impose interest on property tax. The following is Section 113 of the MGA that pertains to interest:

#### *Incentives and Interest*

- (1) The council may impose interest, at a rate determined from time to time by policy, for non-payment of taxes when due.*
- (2) Interest shall be added to the unpaid taxes and shall be collected as if the interest originally formed part of the unpaid taxes.*
- (3) Interest shall be calculated according to the length of the default payment.*
- (4) The council may provide that interest be compounded, not more frequently than monthly.*
- (5) The council may provide that interest shall be calculated from the date the tax rate is set if taxes are not paid within thirty days of the due date.*
- (6) The council may adopt a formula by which, and the time when, the rate of interest on overdue taxes is automatically adjusted.*
- (7) Unless council otherwise provides, incentives shall be allowed and interest charged on area rates and rates collected for any other body at the same rates and under the same terms and conditions as the council has provided for its own taxes.*

### *Refunds*

- Payments received in error or paid in excess of the invoice total will be refunded to the payer by cheque or secured bank transferred only. By using these methods, municipalities can help prevent fraud and theft.
- Refunds by cash, credit or debit cards should be avoided.
- No refund should be made if other invoices are outstanding on the account. A reduction in the ratepayer's account should be applied (maintaining the 'right to offset').<sup>14</sup>

### *Collection Procedures*

- The municipality should establish collection procedures, taking into consideration the dollar amount outstanding.
- The effective cost of collecting the accounts receivable depends on the dollar value of the outstanding balance.
- As a last resort, municipalities may refer to a collection agency to collect unpaid property taxes
  - Municipalities should take into account the high costs associated with third party collection, especially in light of the fact that most lienable charges will be paid at some point.<sup>15</sup>

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<sup>14</sup> Government of Nova Scotia. [Budgeting and Financial Management Manual – 11.1 Accounts Receivable](#). <http://www.gov.ns.ca/tpb/manuals/PDF/200/21101-03.pdf>.

<sup>15</sup> Ibid.

### *Statement of Unpaid Taxes*

- Statements of unpaid taxes should be sent out after the instalment due date has passed.<sup>16</sup>

### *Recovery of Arrears through Monies Owed to Taxpayers*

- If the municipality is holding any monies owed, such as accounts payable cheques, tax adjustments, refunds or rebates; these amounts should be applied to the account holder's tax arrears, with proper notification (right of offset).<sup>17</sup>

### *Extension Agreement*

- A delinquent taxpayer may request an extension agreement, which would extend the period of time that the balance outstanding is to be paid.
- In the event of default, a registered letter should notify the taxpayer, and the extension agreement should be terminated.<sup>18</sup>
- A lien can begin the first day of the fiscal year that the tax rate was set.
- Municipalities can also place a lien on taxpayers who have not paid their taxes on time. [Section 133 of the MGA](#) explains the liens that can be placed.

#### *Current Taxes are Liens*

- (1) *Taxes levied in respect of real property are a first lien upon the real property.*
  - (2) *Taxes levied in respect of a mobile home are a first lien upon the mobile home.*
  - (3) *The lien has priority over the claims, liens, or encumbrances of any person and need not be registered.*
  - (4) *Where property is sold for taxes and the sale is set aside, the lien is not discharged.*
  - (5) *The lien has effect from the first day of the fiscal year for which the tax rate is set.*
  - (6) *Taxes are a first lien upon property conveyed between the time the assessment roll is filed and the tax rate is set and may be collected from a subsequent owner.*
- [Section 134 of the MGA](#) pertains to how a municipality may extend a delinquent taxpayers' period of time. The pertinent sections of Section 134 are 4(e) and 5:

#### *Tax Sale*

- (4) *A municipality is not required to put a property up for tax sale*
  - e. *If the municipality and the taxpayer have entered into a tax arrears payment arrangement and the taxpayer is in compliance with the agreement.*
- (5) *Where the municipality and a taxpayer have entered into a tax arrears payment arrangement, the period for which the tax lien is effective is extended by the period of the tax arrears payment arrangement.*

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<sup>16</sup> City of Thunder Bay. [Corporate Policy – Credit and Collection](#). January 11, 2005.

<sup>19</sup> Ibid.

<sup>18</sup> Ibid.

### *Tax Sale*

- Municipalities may hold a tax sale of the defaulting taxpayers property in order to compensate the municipality for the unpaid taxes.
- [Section 134 of the MGA](#) outlines a municipality's responsibility surrounding a tax sale:

#### *Tax Sale*

- (1) *Property may be sold for taxes if the taxes with respect to the property are not paid in full for the taxation year immediately preceding the year in which the tax sale proceedings are commenced, but the proceedings shall not commence before June 30<sup>th</sup> in the year immediately following that taxation year.*
- (2) *Property shall be put up for tax sale if taxes are in arrears for the preceding three fiscal years.*
- (3) *The council may defer tax sale proceedings for a property for up to two years.*
- (4) *A municipality is not required to put a property up for tax sale*
  - If the solicitor for the municipality advises that a sale of the property would expose the municipality to an unacceptable risk of litigation;*
  - If the amount of taxes due is below the collection limit established by the council, by policy;*
  - If the property has been put up for sale three times in the preceding three years and no satisfactory offer has been made with respect to it;*

### *Pre-Authorized Payment Plans*

- Pre-authorized payment plans can increase the number to taxpayer accounts on automatic withdrawal and reduce potential default.
- A pre-authorized form can be inserted with the tax information notice, and customers can receive bills on a periodic basis.<sup>19</sup>

### *Online Bill Payment*

- Municipalities can establish online payment options with their local banks to allow taxpayers and customers to pay their bills online.
- Another possibility is establishing an *Epost* account to allow taxpayers and customers to pay online. *Epost* is an internet service offered by Canada Post, where customers can add, view, pay, and manage various bills and financial documents.<sup>20</sup>
- Electronic payments can help:
  - Reduce the risk of cheque fraud;
  - Reduce costs, time and errors associated with manual payment processing; and
  - Gain more control over high volume and high value cash flow.<sup>21</sup>

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<sup>19</sup> City of Thunder Bay. Corporate Policy – Credit and Collection. January 11, 2005.

<sup>20</sup> Ibid.

<sup>21</sup> Bank of Montreal. Electronic Tax Payments.  
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## Appendix II: Example of a Municipal Accounts Receivable Policy

The Halifax Regional Municipality (HRM) developed a Revenue Collections Policy, which mirrors some of the components outlined in *Appendix I*. The following is HRM's Collections Policy, which may be helpful for other municipalities to see how an accounts receivable policy may be formatted. The full document can be found at:

<http://www.halifax.ca/council/agendasc/documents/RevenueCollectionsPolicy.pdf>.

### Guiding Principles

The following principles guide the collection practices of the Halifax Regional Municipality:

- a. To ensure all taxpayers are served equitably
- b. To clearly articulate the guidelines staff will apply in the collection process and the outcomes which will ensue on default
- c. To follow through with necessary action upon default in keeping with the policy
- d. To direct those taxpayers in need of financial aid to all applicable sources of assistance including HRM's Grants and Deferral programs and to any provincial programs
- e. To be respectful and consistent in all cases
- f. Staff will ensure they comply with Protection and Privacy legislation.

### Definition

#### *Non-Lienable Charges*

These are charges that under law cannot be affixed to a property and, therefore, cannot form an encumbrance against the value of that property. Many types of revenues are included in this category such as Solid Waste tipping fees, Bus Tickets and Passes, Payroll costs, Rentals, Encroachment fees, Police extra duty work, and Transit bus warranty recoveries. These examples are not all inclusive.

#### *Lienable Charges*

These charges can be affixed to a property. Several charges billed as general revenue are lienable against properties in accordance with the particular by laws that created the charges. Examples include: Unsightly Premises charges, Sewer Redevelopment/Trunk Sewer charges, Local Improvement charges, False alarm fines, and Other By-law related charges. Real property taxes are also lienable charges. These charges remain as encumbrances on a property until such time as they are paid and can by definition initiate a tax sale process in accordance with the Municipal Government Act.

### Categories of Revenue

- a. This policy applies to all Business units, Agencies, Boards and Commission of HRM over which the Municipality has jurisdiction.

- b. Different collection policies and practices are required for various revenue streams due to the differences in legislation and the nature of those revenues.

### **General Revenues**

#### *Non-Lienable Charges*

- a. These amounts are billed and are due monthly. The due date for all of these types is 30 days from the date of billing.

#### *Collection Procedures for Non-Lienable Charges*

- b. Staff will follow up with a phone call to those accounts where amounts have gone past the due date. Statements will be sent monthly showing the accounts status. Staff will then pursue and follow up until the account overdue status reaches 90 days or until the account becomes current. After 90 days any persistently over accounts will be turned over to our internal collections department and more serious action will be taken to collect, including:
  1. Requiring a payment arrangement or enacting a right of offset for any amounts that HRM might owe the client;
  2. A refusal to do further business on a billed basis (i.e. cash only);
  3. Advising the client of legal action we may take (standard letter format), e.g. small claims court action or legal action to file judgements;
  4. File action in appropriate civil court, obtain judgement and file judgement at Registry of Deeds;
  5. Obtain and action execution order or garnishee;
  6. Issue a warrant to distrain (hold and possibly sell) goods of the client against the debt owed;
  7. Where internal collection efforts have not been successful, the account will be turned over to a third party collection agency on contract with HRM.

#### *Lienable Charges – General Revenues*

- a. Due dates on these charges are usually 30 days, except local improvement charges, which can be paid over many years depending on the nature and financial burden of the work to the resident and the particular by law that created them.

#### *Lienable Charges – Real Property Taxes*

- a. Residential and commercial property taxes are billed twice annually with two due dates, one on April 30<sup>th</sup> and one on September 30<sup>th</sup> (or the last working day of the month). Residents receive their tax bills approximately six weeks prior to the due date.

#### *Collection Procedures for all Lienables*

- a. Friendly Reminder Notices may be sent out to all accounts with amounts in excess of one month overdue. Follow up with those notices is then undertaken and payment arrangements are put in place if requested. If no response or success is forthcoming

from these steps and if the taxes on a property are still outstanding after June 30<sup>th</sup>, following the previous year's due date of September 30<sup>th</sup>, the property may be placed on the tax sale property list.

- b. A preliminary notice (Advance Notice of Tax Sale Proceedings) is sent to each assessed owner of property on the tax sale list as per Section 138 of the MGA advising that the property is liable to be sold for arrears, with interest and expenses, and that tax sale procedures may be commenced and costs expended, which will also be liened against the property, unless the arrears are paid or a satisfactory payment arrangement is struck within 30 days of the date of the preliminary notice.
- c. After 30 days past the issuance of the preliminary notice, if the taxes have not been paid or arrangements made, staff will arrange for a title search, and if deemed necessary, undertake a survey of the property.
- d. Upon completion of the title search and survey, Notice of Intention to Sell is then sent by registered mail to all registered owners and to the spouses of registered owners, with a copy to be sent to any mortgage company or any person with a lienholder in the property where applicable.
- e. All properties with taxes that are in arrears for the preceding three fiscal years SHALL be put up for tax sale. It should be noted that staff would proceed to tax sale for all lienables that are in excess of 3 years overdue. This means that instalments of Local Improvement charges, Unsightly charges, False Alarm charges, Trunk Sewer charges, or lienable charge, as well as, real property taxes can trigger the tax sale process.
- f. Staff will notify citizens and clients of all amounts that are outstanding in excess of nine months overdue that may place properties at risk of tax sale using the Reminder Notice of Overdue Charges.
- g. Tax sale proceedings may be deferred for a property for up to two years via a payment arrangement that will bring the property into a current status within two years.
- h. A municipality is not required to put a property up for tax sale (MGA Section 134(4)) where:
  1. The solicitor for the municipality advises there is a high risk of litigation. Tax staff will forward any properties that may be creating litigation risk, upon notification, thereto, or as they ascertain in the course of their research to Legal Services for review.
  2. The amount is below the collection limit established by Council. Staff may not regularly pursue accounts in arrears where the total amount outstanding is less than \$500 as the staff time, costs for a title search (about \$300) and possible survey costs, make the effort more costly than the return. Staff will, nonetheless, regularly select some of these accounts at random to include in the tax sale process.
  3. The property has been put up for tax sale three times in the past with no satisfactory offer. Staff will then proceed, without further notice to the owner and encumbrances, to again advertise the property and sell it at auction for the best price. The minimum amount acceptable would be all additional expenses we have incurred to bring the property tax sale status.

E.g. title search fees, survey fees, tax auction expenses such as advertising, place rental, and security, etc.

4. In that year, the taxpayer qualifies for a deferral. Once a taxpayer no longer applies for or receives tax deferral, the tax sale process can immediately recommence, except where the taxpayer makes a payment arrangement for the amounts previously deferred. Such payment arrangement will be a reasonable amount as determined with the taxpayer and staff. The proposed payment arrangement will be in writing and the rules concerning breaks in the arrangement as outlined below will apply.
5. If the taxpayer is compliant with a payment arrangement. Under normal circumstances, any payment arrangements made will bring the account into current status within a two-year time frame. The proposed two-year payment arrangement will be in writing and will allow for a deferral of the tax sale process. No other circumstances (except as specifically directed by Council) will allow for deferral. Staff will strictly uphold compliance with the payment arrangement. There will be allowance for two payments to be deferred either by request or by default. On the third instance of non-payment as per the arrangement, notice will be given and the tax sale process will recommence with no recourse other than full payment. This forgiveness of two payments clause is considered an insurance policy for unforeseen and unfortunate circumstances of any kind.
6. Once a property has been advertised in the newspaper for public auction at tax sale, in order to stop the auction, there is requirement to pay a lump sum amount to bring the property to within two years of arrears along with a subsequent payment arrangement to clear the remaining arrears and current upcoming tax bills for the property. This would be the minimum arrangement that would prevent the property from proceeding to auction. Such payment could be received up to the close of business (i.e. 4:30 pm) on the day preceding the day of the auction. A signed payment arrangement will be subsequently required within a week of the auction date.
7. Any surplus of funds from the tax sale may be applied to reduce any non-liable charges owed by the owner of the land to the municipality. These outstanding amounts need have no direct relationship to the property sold. The withdrawal of any surplus cannot be completed until after the redemption period (within six months after the sale date) where applicable. Properties are not redeemable if there are no taxes owing that are greater than six years in arrears.
8. A tax sale deed shall be provided to the purchaser for the fee of \$100 to be paid at the time of the sale and provided at any time after sale if the property was not redeemable or after the six-month waiting period if the property was redeemable.

### **Other Collection Policies**

- a. Principle or interest for less than \$10 can be written off for accounts in arrears at staff's discretion.

- b. Staff may relieve interest charges on an account when it is determined that the account has been in dispute and the process to settle the debt has been prolonged and the client is not at fault.
- c. Interest charges on an account may be relieved by staff if it is determined that insufficient support for the billing or insufficient follow up by staff has resulted in undue interest charges.
- d. Where staff determines that both the taxpayer and staff may have been jointly responsible for delays in billing, or in providing appropriate details to support or refute the billing or for lack of timely follow up, staff may grant partial interest relief on an account up to their applicable spending authorization limits.
- e. No adjustment to billings can be made, except as outlined above by any staff member, unless where there was an error in the original billing and corresponding back up by appropriate managerial levels of staff involved is provided.
- f. No account will be sent to write off unless all efforts have been exhausted in its collection and will only be so sent after recommendation of supervisor and concurrence of team leader and manager.
- g. Only Council can approve final write off of any revenue accounts. Such write off reports will be provided not less than once per year.
- h. After an assessment appeal is determined and any appeal from that decision is decided, any taxes that were overpaid shall be refunded to the applicant, together with interest at a rate equal to the rate actually earned by HRM on its short term investments. The interest rate shall be determined and the interest calculated monthly but shall not be compounded.

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