



**ITEM ID:** 2024-241-0

**TRANSMITTAL DATE:** July 19, 2024

**MEETING DATE:** July 26, 2024

**TO:** Board of Directors

**FROM:** Arnold Hackett, Chief Financial Officer

**SUBJECT:** FIN 9.2 - Collections Escalation Policy

**Issue**

The purpose of this item is to:

1. Propose a new Financial Policy, FIN - 9.2 – Collections Escalation; and
2. Write-off one legacy uncollectible customer account in the amount of \$12,910.70.

**Recommendation**

It is recommended that the Board approve FIN 9.2 - Collections Escalation Policy.

**Strategic Commitment**

This report aligns with the Strategic Business Plan commitment of:

- **Modernizing Business Practices:** We will improve our operational efficiency through transparency, objective metrics and streamlined governance, reducing over-reliance on subsidy while bringing our system into a state of good repair, investing in the development of our employees and maintaining fiscal sustainability.

**Background**

In order to provide guidance to ensure collections outcomes can be maximized, staff has developed and is requesting approval of the Collections Escalation Policy, FIN-9.2.

In addition, Finance Policy FIN-9.3 requires Board approval for write-off of any receivable over \$10,000. Write-off is sought after collections efforts have been exhausted and no recovery is

foreseen. Finance is presenting one legacy receivable deemed uncollectible as part of a comprehensive administrative review of receivable balances undertaken this fiscal year.

## **Discussion**

### **New Collections Escalation Policy**

As part of Management's on-going commitment to actively minimize collections risk, staff is requesting Board approval of FIN-9.2, Collections Escalation Policy. This new policy outlines procedures staff will follow on a consistent basis to ensure past due accounts are appropriately managed. The policy addresses the escalations process for past due invoices for the entirety of SCRRA's receivable base, including member agencies, and public and private entities.

### **Write-Off Item**

A receivable in the amount of \$12,910.70 owing from Southern Pacific Rail related to an ICAP adjustment invoice dated from September 2012 was previously deemed as uncollectible and is proposed for final administrative write-off. This billing occurred years after the associated project was completed, due to delays in receiving FTA's approval on ICAP (overhead) rates. SCRRA has improved billing timeliness of supplemental charges or credits for ICAP adjustments and has not experienced other uncollectible accounts related to this issue. There is no budget impact to this write-off as SCRRA's total bad debt reserves are approximately \$441,938 as of May 31, 2024.

## **Budget Impact**

There is no budget impact to the proposed write-off or for the approval of the new Policy.

Prepared by: Vivien Avella, Assistant Director, Finance

Approved by: Arnold Hackett, Chief Financial Officer

## **Attachment(s)**

[Attachment A - FIN-9.2 Collections Escalation Policy](#)

[Attachment B - Level 1 Template Private and Public Sector](#)

[Attachment C - Level 1 Template Member Agencies](#)

[Attachment D - Level 2 Template Private Sector Debtors](#)