

# City of Richmond

## Administrative Manual

**SUBJECT:** Accounts Receivable

**SECTION:** Finance

**POLICY NUMBER:** AP 503

**INITIAL DATE PREPARED:** August 25, 1999

**LAST DATE REVISED:** August 25, 1999

### **I. Purpose**

- A. To establish departmental responsibility for the proper handling of accounts receivable.
- B. To establish a procedure for issuing invoices and processing accounts receivable in order to assure timely and effective collection of revenue owed to the City of Richmond.

### **II. Policy**

- A. Accounts receivable shall include accounts established by departments, City Council action, and legislative action. The operating Department Director shall inform the Finance Director of all proposed accounts receivable as early as possible before a billing date to allow time to establish the account. All invoicing and collection will be pursued by the Finance Department and payment shall be deposited with the Finance Department Cash Drawer Custodian.
- B. Accounts receivable established by the City Council and/or legislative action will be administered by the Finance Department.
- C. Levies shall be treated as accounts receivable for administrative purposes, but billing shall be accomplished by tax runs.
- D. Disputes arising from accounts receivable shall be resolved by the Finance Director with the assistance of the operating department as may be necessary.
- E. Invoices shall be issued within five days from billing dates.
- F. Payment terms on all invoices shall be net 30 days unless otherwise specified.
- G. All invoices will book on an accrual basis.

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- H. Statements will be issued within the first week of each month for all invoices older than 20 days.
- I. An accounts receivable aging report will be maintained showing the status of accounts as follows:
  - 0 - 30 days current
  - 31 - 59 days past-due
  - 60 - 89 days delinquent/collection
  - 90 days up small claims/lien
- J. Monthly aging reports and the accounts receivable journal shall be reviewed and approved by the Financial Administrator in the Finance Department.
- K. Delinquent collections, small claims action, and participation in the State Tax Intercept Program shall be determined by the Finance Director in conjunction with the City Attorney and the operating Department Director. Undisputed delinquent returned checks over 30 days delinquent (AP 504) shall be included in this policy.
- L. Write off or adjustment to delinquent accounts shall be with the approval of the Finance Director, operating Department Director and City Attorney. The City Council shall review and make final approval (AP 251).

### **III. Procedure**

#### **A. Invoices**

1. The Finance Department shall prepare and maintain a Listing of Accounts Receivable on form AP 503-1. Form AP 503-1 shall be reviewed monthly by the Revenue Collection Manager in the Finance Department.
2. Invoices shall be printed within five days of the billing date and post to the accounts.
3. Attach the supporting documentation to the duplicate invoice and file

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alphabetically by account name.

4. Mail the original invoice to the account receivable vendor.

### **B. Statements**

Print statements on the first business day of each month for all accounts with outstanding invoices greater than 20 days.

### **C. Write Off Delinquent Accounts and Adjustments**

1. All write offs or adjustments to accounts receivable or returned checks must be approved by the City Council.
2. Policy Statement AP 504 shall be adhered to regarding returned checks.
3. Policy Statement AP 251 shall be adhered to regarding write off of delinquent accounts and returned checks.
4. When revenue is received from a collection agency, the debtor, a title company, or the State Tax Intercept Program, the revenue shall be processed in accordance with Cash Receipting policies and procedures contained in AP 502 and AP 505.