

Overdue Accounts Management – Policies & Procedures



Background

This policy has been developed by certain members of Treasury Board, Ministry Resources and diocesan staff in consultation with the College of Bishops.

The total accounts receivable balance that the Diocese is owed by congregations and parishes (for stipends and allotment) amounts to \$1,329,550 as at May 31, 2007. 23% is current (<30 days) and 77% is overdue – 67% over four months old.

It has been recognized that the management of overdue accounts is taking an inordinate amount of diocesan resources, and is focused primarily on the 10% most serious current problems. Our processes are somewhat cumbersome and do not result in a satisfactory level of effectiveness. This policy framework will make the entire process more effective.

The key differences between this proposal and current practice include:

- Differentiation of interest rate for those parishes that are proactive; those who choose not make arrangements with the diocese pay a higher rate of interest.
- Empowering the Diocesan Treasurer and finance staff to get on with appropriate collection practices in collaboration with volunteers.
- Clarifying the relationship between parish debt and circumstances within a parish that may require the termination of an appointment under Canon 10.

Policy Framework

1. It is the responsibility of the Diocesan Treasurer to monitor/collect parish receivables, and in that regard, the Treasurer will take all necessary steps within the parameters of this policy.
2. It is the diocese's expectation that congregations and parishes will be forthcoming to discuss with the Treasurer those financial matters that impede their ability to pay their obligations to the diocese when due.
3. When, in the Treasurer's opinion, entering into a short term credit arrangement with a congregation may assist the congregation in managing its financial situation, the Treasurer may, subject to approval by Council, negotiate an operating loan on the following terms and conditions:

- a. 12 month maximum term
 - b. Interest rate – diocese’s short term cost of borrowing
 - c. Repayment schedule, not to exceed 12 months
 - d. Expectation of repayment – “reasonably likely”
4. In some circumstances, the Treasurer may believe that it is appropriate to convert a congregation’s indebtedness into a longer-term credit arrangement. In this situation, the Treasurer shall consult with the Area Bishop prior to entering into negotiations with the parish. The Area Bishop must consent to such an arrangement before Diocesan Council is asked for approval.
 5. In the absence of an arrangement as contemplated in items 3. and 4. above, a congregation whose account is more than 30 days overdue, will be charged interest at the rate of 3 percentage points above the diocese’s short term cost of borrowing.
 6. The Treasurer will administer collection practices which will include reminder letters and dunning letters, as well as phone calls and meetings between congregational leaders and volunteers/staff. Offers of assistance in the form of volunteer counsel, Diocesan staff help, parish “buddying” etc. may also be proposed. The intention of the collection practices is to resolve the situation without creating inappropriate financial dependencies.
 7. The Treasurer shall inform the College of Bishops and Treasury Board of the status of parish receivables and action taken, no less frequently than quarterly.
 8. When, in the opinion of the Treasurer, a congregation’s financial situation and indebtedness to the diocese is indicative of a serious long term financial concern, the Treasurer may recommend to Diocesan Council that a parish Administrator be appointed. The Treasurer may also feel it necessary to inform the CAO and Area Bishop of these concerns. The Area Bishop shall then, having conferred with the Diocesan Bishop, take whatever steps may be appropriate regarding the continuing tenure of the parish Incumbent, under Canon 10, Section 10, Non-Disciplinary Termination of Appointment.