

APPLICATION

1. This chapter outlines the policies and procedures for the management and control of Non-Public Property (NPP) accounts receivable (A/R).

DEFINITIONS

2. **CF Newspapers Invoices** – all Accounts Receivable (A/R) invoices for CF Newspapers' customers.
3. **Customer Accounts** – A/R customer accounts are separated into two main groups:
 - a. Person – meaning an individual; and
 - b. Organization – meaning an external company, the Government of Canada (GoC), or a NPP entity.
4. **General Customers Invoices** – A/R invoices for a person or an organization that is not the Receiver General/Government of Canada (GoC) or a local NPP entity (e.g. Lenny Franklin or Ashley Inc.).
5. **Local Invoices** – A/R invoices set up in an organization customer account of a NPP entity, Receiver General or GoC.
6. **NPP Entity Customer Account** – is an organization customer account of a NPP Entity (e.g. CFB Halifax Curling Club, Base Fund Esquimalt etc.). All A/R invoices for a NPP Entity customer account are treated as local invoices for collection processing purposes.
7. **Receiver General/GoC Customer Accounts** – an organization customer account for the Receiver General/Government of Canada (GoC). All A/R invoices for Receiver General/GoC customer accounts are treated as local invoices with regard to the collection process.

POLICY

8. Accounts Receivable (A/R) authorizing documents are produced and issued by NPP entities for goods and/or services provided to a customer on credit or for contractual obligations to be paid at a future date. These authorizing documents include but are not limited to:
 - a. NPP contracts/agreements (e.g. Service Level Agreements (SLA), Private Function contracts, Sponsor Support Agreements (SSA) etc.);
 - b. NPP Payment Deduction Authorization (PDA) forms;
 - c. NPP Nominal Role Recovery Forms (NRRF);
 - d. CF 603 Merchandise Requisition (MR) forms; and
 - e. Entity produced, manual invoices.
9. The customer (person or organization) must sign the A/R authorizing document approving

payments to be made in accordance with the terms of the authorizing document.

10. Payment terms are normally net 30 days from receipt of invoices or payment on receipt. In certain circumstances other payment terms maybe authorized in accordance with AFN 105 [Chapter 39](#) (Recurring Payments for Memberships/Dues/CANEX Credit Plan).

Note: Requests to extend payment terms over 30 days and up to 60 days from the end of the service rendered shall be made in writing by the Entity Manager to the NPP Accounting Manager (NPPAM). Requests to extend payment terms in excess of 60 days from the end of the service rendered shall be made in writing by the Entity Manager to the Director of Accounting Services through the NPPAM and the Senior Manager Accounting Services.

11. The customer must receive a copy of the original A/R authorizing document for their records and the original, signed document is to be forwarded by the entity to the local NPP Accounting Office for action. NPP entities may retain a copy for their records.
12. When the local NPP Accounting Office processes the A/R authorizing documents, they are entered into the accounting system (PROPHET) which generates an A/R invoice. This A/R invoice is given a unique invoice number that is generated by the accounting system and includes payment terms and a due date.

GENERAL RESPONSIBILITIES

13. Prior to submitting A/R authorizing documents to the local NPP Accounting Office, entity managers must ensure the following:

- a. A unique identifying number must be clearly visible (e.g. invoice number, MR number, NRRF number, etc.);
- b. The payment terms must be stated;
- c. The method of payment must be clearly indicated and any required supporting documentation or applicable identification number must be received from customers (e.g. a void cheque for pre-authorized debit payments or a military service number for military payroll deductions, etc.);
- d. The customer's general information and, if possible, PROPHET customer account number should be printed clearly;
- e. General Ledger (GL) coding must be clearly marked on the supporting documentation to help ensure that the local NPP accounting staff records the revenue to the correct account; and
- f. All supporting documentation, including signed documents, must be attached with the sales registers so that the staff can quickly respond to customers if required.

Note: All documentation (A/R authorizing documents, sales register and any other supporting documents) shall be sent to the local NPP Accounting Office in a timely manner throughout the month and within 2 business days at each month end.

14. Documentation received by NPP Accounting Office from NPP entities is to be processed in the appropriate accounting period. Prompt follow-up on missing documentation is a key activity of month-end close.

ACCOUNTS RECEIVABLE GENERAL RESPONSIBILITIES

15. With the exception of National Organizations (e.g. CANEX, SISIP etc.), local entity managers shall attempt collection of outstanding accounts receivables **within the first 60 days**.
- Note:** As accounts receivable age, the success rate of collection decreases and by hastening payment early, misapplied payments and billing errors will be identified and corrected in a more efficient and expedient manner.
16. NPPAMs (or their delegate) shall ensure all entity managers have access to Business Intelligence (BI) and have the ability to produce the A/R Aging report for their entity.
- Note:** Until an entity manager has been granted access to BI, the NPPAM or their delegate shall provide copies of the A/R Aging report.
17. Entity managers shall produce monthly an A/R Aging report from BI and compare the balance to their documentation. Any past due balance and discrepancies must be investigated and resolved to ensure collection action is taken.

COLLECTION RESPONSIBILITIES AND TIMELINES BASED ON INVOICE TYPE

18. **General Customer Invoices:**

- a. When goods and/or services are provided to customers and credit terms have been offered, it is the responsibility of the entity manager providing the goods and/or services to collect the amount. This responsibility remains at the entity level **up until 60 days after payment due date**.
- b. Collection of any outstanding accounts receivable 61 days overdue rests with the National Accounting Receivable Office (NARO) (see exceptions at paras 19-21).
- c. Entity managers shall attempt collection of outstanding accounts receivables at a minimum 15 days from payment due date and at the 45 days after payment due date. The second follow-up must include a mention that if payment is not received within 60 days of the original due date that the invoice will be forwarded to the CFMWS collection department i.e. NARO. In the email to the customer, a copy of the invoice is required, the customer's PROPHET account number is to be included in subject line, and the National Accounts Receivable Office (NARO) is to be carbon copied on the correspondence, NARO1@cfmws.com.

Note 1: Entity managers shall follow the collection process outlined in [Annex A](#).

Note 2: Associate mess members must pay any outstanding invoice or mess dues charges on their account within 30 days of the charge or risk having their mess access revoked.

19. **Local Invoices:**

- a. It is the entity manager's responsibility to collect both NPP entity and Receiver General/GoC invoices regardless of the due date/overdue period as these invoices will never be the responsibility of the NARO. Examples of such invoices are: public fund reimbursement invoices and local NPP entities customers such as Messes, Base Fund, Golf Courses, and Curling Clubs. For Receiver General/GoC invoices DND/CAF Comptroller may be contacted for assistance in obtaining reimbursements.

20. **Rejected payments (e.g. non-sufficient fund cheque, pre-authorized bank payment,**

payroll rejects, credit card rejects):

- a. It is the NARO's responsibility to follow up on all rejected payments. It is to be noted however that these rejects/accounts receivable will appear on individual NPP entity balance sheets while awaiting payment or write-off.

21. **CF Newspapers' Invoices:**

- a. CF Newspaper staff are responsible for the collection of all outstanding accounts receivable **up to 180 days past due** and shall maintain a record of all communication regarding collection action taken (e.g. emails, letters, details of phone calls); and
- b. After 180 days, the collection of any outstanding accounts receivable rests with the NARO. NPP entity managers are to forward their communication records on collection action taken to the NARO at NARO1@cfmws.com at the 181 days past due point to assist in the collection process.

22. NARO staff shall follow the NARO collection process outlined in [Annex B](#).

23. NPPAMs, on a quarterly basis, must confirm and document that proper collection efforts are underway for all overdue accounts receivable for entities within their purview.

Note 1: Only CANEX credit plans and CAF Charitable Funds (CAF CF) loans have allowances for bad debts.

Note 2: To minimize CANEX and CAF CF bad debts, credit checks are completed for CANEX Credit Plans at CANEX stores and are completed by SISIP Financial Counsellors and/or CAF CF staff.

ANNEXES

[Annex A – Entity Manager's Collection Process for Accounts Receivables](#)

[Appendix 1 – A/R Aging Report with Collection Attempts](#)

[Annex B – NARO's Collection Process for Accounts Receivables](#)