

## Accounts Receivable Collection Guidelines

This is a non-exhaustive guideline for the collection of accounts receivable and several key receivable policies.

The designated collection person at each branch will update head office on the status of various accounts via Aileen's monthly reporting.

These guidelines also assume a weekly meeting with the collection person and the branch manager (to discuss accounts, approve accounts to go on hold and sign any letters).

### Action to be taken based on aging:

**Over 30 days – Call Customer at least weekly:** Clearly inform the customer their account is overdue and ask when we will receive payment. Note to whom you spoke, what was said and the date and time. Continue to follow up at least every week referencing your past conversations and continuing with new notes. Simply sending an invoice or statement is not adequate, ask for actionable dates from the customer. If you are not making progress, ask to speak with someone else.

If the account has amounts owing from another of our branches, please coordinate with the other branch and ensure these are collected as part of the same effort. Aileen can assist with this process.

### **60 days – Hold account:**

- Discuss with branch manager ahead of time
- “Major Corporate Accounts” also need approval of Brock
- Continue to call customer at least weekly

### **90 days – Send collections letter #1**

- Prepare for branch manager's signature
- “Major Corporate Accounts” also need approval of Brock
- This letter is to be signed by the branch manager and to have “Urgent” stamped on the envelope
- Keep a photocopy of the signed letter in a file and note the date it was mailed
- Continue to call at least weekly, also ask salesperson or branch manager call

### **120 days – Send collections letter #2**

- Prepare for branch manager's signature
- “Major Corporate Accounts” also need approval of Brock
- This letter is to be signed by the branch manager and to have “Urgent” stamped on the envelope
- Keep a photocopy of the signed letter in a file and note the date it was mailed
- Continue to call at least weekly, also ask salesperson or branch manager call

### **150+ days**

- Consider sending account to collection agency
- If value is roughly \$15,000 or more consider passing to legal (this begins a new process of demand letters and commencing litigation)

Also note the following non-exhaustive policies related to accounts receivable:

- All capital equipment is COD only
- The "cash" customer is not permitted to have credit sales
- Any accounts receivable write-offs require branch manager approval
- Any customers who have had amounts written off are to be highlighted in BV and cannot purchase from CTEC (even on COD) until the amount owing is paid. If the amount is then paid the customer is permanently on COD.
- Invoices are not to be closed before goods have been delivered to the customer