

Collection of Accounts in Arrears Policy

Policy

Nipissing First Nation will take all necessary and reasonable actions for the collection of overdue accounts to ensure that accounts in arrears are paid.

I. Purpose

The purpose of this policy is to provide Nipissing First Nation with an effective and transparent process for the approval, collection and documentation of:

- i. Program funds where an agreement is in place for non-commitment or non-completion of funding requirements,
- ii. Rent accounts,
- iii. Loans receivables, and any other
- iv. Loan Guarantees and indemnities given by Nipissing First Nation as authorized in its Financial Administration Law.

II. Scope

All money loaned out belongs to Nipissing First Nation as a whole and it is the responsibility of the Finance Department to collect these funds on behalf of the membership.

III. Definitions

“Arrears” refers up an unpaid, overdue debt or an unfilled obligation.

“Indemnity” is the right of a person to recover the amount of financial loss or liability to a third party.

“Loan Guarantee” is a promise to pay all or part of the principal and/or interest on a debt obligation in the event of default by the borrowing member.

“Loan Receivable” is the financial asset of Nipissing First Nation (as a lender) represented by a promise of the borrowing member to repay a specific amount, at a specific time or times, or on demand, usually with interest.

“Risk” is defined as anything of variable uncertainty of a loss.

IV. Responsibilities

In accordance to the Financial Administration Law:

- a. Council members are responsible for:
 - to monitor the collection and receipt of the Nipissing First Nation's financial assets, including debts owed to Nipissing First Nation.
- b. The Chief Executive Officer is responsible for:
 - ensuring that all employees are advised of and required to inform themselves of this Collection of Accounts in Arrears Policy.
- c. The Chief Financial Officer is responsible for:
 - monitoring the status of loan repayments, overseeing the loan receivable collection procedures, evaluate the likelihood of collectability and risk of loss, on a monthly basis and reporting the results of this monitoring to the Finance and Audit Committee.
- d. The Human Resources Manager is responsible for:
 - all employee's hired by NFN are contacted by the Human Resources Department before the employment begins. As part of the orientation, members will be provided with a form that will be signed by them acknowledging this policy, and agreeing to this deduction if they have an outstanding debt. For privacy reasons, all employees must sign the form whether or not they have outstanding debts.

The collection of outstanding debts owed to Nipissing First Nation will form part of the contracts in any employment arrangement with NFN.

V. Procedures

All new receivable accounts will be set on a pre-payment term (for example: automated withdrawals from individual bank accounts, payroll deductions for employees, etc).

Should a member with an outstanding account be employed by Nipissing First Nation, ten percent (10%) of his/her wages will be collected from each pay or contract until the past due amount is paid in full.

Christmas Distribution will be applied to any outstanding debt owed to Nipissing First Nation.

All program funds owing back to Nipissing First Nation will be invoiced when the receivable account is created. Thereafter, monthly statements will be issued.

All rental accounts will be invoiced at the beginning of each month. If a rental account is overdue, the following procedures will be applied:

- a. After the rental account is overdue by thirty (30) days, a first notice letter will be issued. If the renter fails to make payment, the tenant will be contacted by the Housing Apartment Coordinator to set up a payment plan.
- b. After the rental account is overdue by sixty (60) days, a second notice letter hand delivered. The Housing Apartment Coordinator will again attempt to make contact with the tenant and advise him/her that their rental account may proceed toward eviction.
- c. A process will be implemented to ensure instigation of eviction.
- d. On a monthly basis, accounts receivable reconciliations will be performed in order to analyze overdue accounts.
- e. Loan accounts found to be in an overdue situation will be sent a reminder letter that their account is going into arrears.
- f. Any member who begins to pay late will be treated as credit on hold, hence access to other loans will be restricted.
- g. All efforts to collect overdue accounts will take place before an account is sent to legal and/or placed with an external collection agency.

Approved this 5th day of September, 2017.

Amended this 21st day of May, 2019.

Amended and approved this 6th day of October, 2020.