



Core Policy and Procedures Manual - Amendment Summary October 2009

Policy	
7.0 Revenue and Receivables Management	<p>7.0 Revenue and Receivables Management-- two previous parts have been consolidated in one main section and renamed for better readability and understanding. Policies throughout chapter have been updated for clarity and concurrence with responsible department name and account changes.</p> <p>7.3.5 Delegation of Authority – policy 5 revised; Comptroller General approval is required for any exception to revenue authority policies 3 & 4. Used to be the ministry Chief Financial Officer.</p> <p>7.3.19 Reporting Requirements – policy 1 revised; the Aged Accounts Receivable report is now restricted to trade and tax receivables and excludes amounts owing from other governments. The report is used to monitor government-wide collection of accounts receivable where normal collection activities apply (e.g. billing, credit checks, set-offs, etc.).</p> <p>7.3.21 Ministry Collection Action – emphasis in policies for a collection strategy that balances due diligence with ministry program and statutory requirements. Also, due date guidance conflicted with regulatory dates and were removed.</p> <p>7.3.23 Set-offs – policy 2 introduces a new Inter-Ministry Set-off Request form, FIN 11 for ministries to submit to the Comptroller General for approval.</p> <p>7.3.25 Revenue Solutions Branch – policy 1 revised. Ministries no longer require Treasury Board Staff approval to transfer delinquent debt. An MOU between the ministry and the RSB is required. In addition, policy regarding ministry use of private collection agencies has been repealed. The Receivables Management Office, Ministry of Finance is responsible for managing these services to recover debt.</p> <p>7.3.26 Write-offs of Uncollectible Debts – policies have been updated to clarify support required for debt write-off requests over \$5,000. In addition, a new statement of responsibility letter for due diligence on the collection of debt has been implemented. The letter requires sign off by ministry senior executives.</p>
Procedures	
D.10 Cheque Management	<p>D.10 Cheque Management – renamed section (formerly <i>Stop Inquiry/Stop Payment/Replacement Cheque Procedures</i>) to identify Provincial Treasury's cheque management services and streamlined procedures to reduce wait-time for replacement cheques. Section recognizes that administration of cheque payments is a key area of control in government. Monitoring cheque clearing and efficient administration of stop payments reduce risks of loss. In addition, the section articulates the primary roles and responsibilities of Treasury Payment Services, Provincial Treasury and ministry Corporate Financial Service / Administration branches including contacts for the cheque management process.</p>

D.10.1 Cashed Cheque Records – procedures updated for the Cheque Management System which provides online cashed cheque information, and instructions regarding cashed cheque copies. Introduces a new Cheque Copy Request form, FIN 243 for authorized ministry contacts to request digital images from Treasury Payment Services.

D.10.2 Stop Payment or Cancellation of Cheque Payments – includes updated procedures for: requesting a stop payment and submitting the FIN 358 form; voided transactions; requesting forged/intended payee not paid claims; lost in clearing items; holder in due course claims; and the handling of cheque payments previously stop paid or cancelled. Also, limitations on claims to ensure that recovery costs do not exceed payment values and timelines for initiation of a claim are covered. The new FIN 358 form eliminates the need for multi-part paper forms and saves manual distribution.

D.10.3 Issuance of Replacement Cheque Payments -- updates information on: indemnities; stale dated cheques; and the replacement of Government Agent cheques. Introduces a new Indemnity form FIN 369A for the replacement of cheque payments up to \$5,000.00, which covers the majority of the stop payment requests received.

D.10.4 Returned Undeliverable and Returned Undeliverable Unclaimed Cheque Payments – includes updated procedures on notification of returned cheques and disposition of returned cheques. Reduces the returned undeliverable timeline to 90 days (from 120) to add a cheque payment to the unclaimed account.

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Revenue Management

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7.1 Objectives

- ensure that revenue from all sources is identified, claimed, recorded, collected and reported in a timely and effective manner
- receipts of money are accurately and completely accounted for and adequately controlled to prevent or detect error, fraud or omission
- proper administrative and control processes are established for accelerated transfer accounts, including authorization, review and reconciliation
- minimize, wherever practicable, the creation of accounts receivable

7.2 General

Ministries are responsible for ensuring that public money is adequately controlled, collected and reported.

Government Caucus Committee on Government Operations and the Economics Branch, Ministry of Competition, Science and Enterprise, reviews ministry proposals for new or modified fees, licenses and other charges.

Banking/Cash Management Branch, Provincial Treasury, is responsible for approval of corporate payment solutions that consider client and government needs, and approves accelerated transfer accounts with financial institutions.

Risk Management Branch, Provincial Treasury, receives and reviews reports on losses of public money.

Intergovernmental Fiscal Relations Branch, Treasury Board Staff, Ministry of Finance, is responsible for reviewing cost sharing arrangements.

Financial Management Branch, Office of the Comptroller General, develops and maintains revenue management policy.

7.3 Policy

7.3.1 Revenue Recognition

1. Revenue must be recorded at the earliest point at which goods or services or rights under an agreement are provided or performed, or when fines or penalties are imposed and taxes come due.
2. Revenue from the sale of goods must be recorded when government has transferred the significant risks and rewards of ownership to the buyer.
3. While not recognized as revenue, the Harmonized Sales Tax (HST) applies to sales of taxable goods and services. Ministries must charge, collect and record this HST as a Balance Sheet Item in the "HST Collected" STOB 1576.

Procedure Requirements - [M.1](#), [M.3](#) & [M.19](#)

7.3.2 Fees and Licences

1. Ministries (and certain taxpayer-supported Crown entities and agencies) must submit proposals for changes to fees, licences and fines to the Treasury Board Fee Sub-Committee, Treasury Board Staff, as part of the budget process. Full instructions on the fee review process are available on the Treasury Board Staff [Budget Information](#) website (government access only).
2. Ministries must maintain a complete and up-to-date inventory of fees, licenses and other non-tax charges, and services that are provided at no charge.

7.3.3 Cost Sharing Arrangements

1. Ministries must maintain an inventory of intergovernmental or public/private cost sharing arrangements and make claims under these agreements promptly. At each fiscal year-end, ministries must report cost sharing arrangements to the Intergovernmental Fiscal Relations and Income Security Branch, Ministry of Finance.
2. Chief financial officers must participate in the negotiation and monitoring of cost sharing arrangements to ensure that

there are appropriate financial systems and internal controls in place.

7.3.4 Internal Control of Public Money

1. Ministries must establish effective systems and controls for the identification, receipt, collection and safeguarding of public money. Accounting records must be supported by a complete audit trail.

7.3.5 Delegation of Authority

1. Deputy Ministers must approve their ministry revenue authorities matrix that lists those officers who are authorized to:
 - a. receive public money;
 - b. extend credit;
 - c. issue invoices;
 - d. write off debts;
 - e. approve credit notes;
 - f. approve refunds;
 - g. approve journal vouchers;
 - h. initiate set-offs; and
 - i. waive dishonoured cheque service fees.
2. Specimen signature cards approved by the signing authorities officer must be maintained in respect of the authorities granted under policy 1.
3. Officers authorized to *receive public money* (policy 1(a)) must not be given any other authority described in policy 1.
4. Officers authorized to *issue invoices* (policy 1(c)) must not be given authority to receive public money, write off debts, approve credit notes, refunds or journal vouchers, or initiate set-offs.
5. Any exception to policy 3 or 4 to accommodate an extraordinary ministry operational requirement (e.g., limited office staff) must be checked by appropriate compensating controls and balanced against the risks in the circumstances. Ministry chief financial officers must approve any such exception to policy.

7.3.6 Credit Management

1. Ministries must grant credit only where:
 - the terms and conditions of a loan agreement or other program provide for payment; or
 - services, goods or rights under an agreement are provided on specific credit terms.
2. Ministries providing loans, or goods, services or rights under an agreement on credit must assign an officer with responsibility for credit management functions.

7.3.7 Billing and Payment

1. When payment is not received at the time that goods and services are provided, an invoice or other type of debit note must be issued as soon as possible (e.g., within 30 days). Where goods and services are provided on a continuing basis or over a long period of time, invoices must be issued at regular intervals.

7.3.8 Acceptance of Electronic Payments

Ministry programs will provide for electronic payment instruments for consumer convenience and consistency when accepting public money.

1. The Banking/Cash Management Branch, Provincial Treasury, will coordinate ministry acceptance of electronic

payments. This ensures that adequate security and process standards are maintained including safeguarding the integrity and non-repudiation of transactions and data storage, retention and use.

2. Ministries are responsible for any costs associated with electronic payment transactions incurred by program areas operating within their mandate, including disputed sales.
3. Banking/Cash Management Branch, Provincial Treasury, will determine a standard suite of electronic payment options based on program type and delivery models. Consideration will be given to corporate solutions and government agreements with banks and card processors in addition to ministry and program objectives.

7.3.9 Receipts and Deposits

1. Public money must be deposited promptly to the credit of the Minister of Finance:
 - to an accelerated transfer account at a financial institution;
 - with a government agent;
 - or other person appointed by the Minister of Finance to receive deposits of public money on behalf of the government.
2. Post-dated cheques must be listed and secured until their payment date and deposited promptly at that time.
3. Ministries must issue a receipt to payers of public money that is paid in cash at the time the exchange takes place. Ministries must discourage the remittance of cash through the mail. Ministries must record the collection of all public money.
4. Payment may be made by cash, cheque, or electronically. Ministries can refuse to accept cheques in certain circumstances, which must be approved by the ministry chief financial officer.
5. Cheques and other negotiable instruments must be endorsed "*For Deposit Only to the Credit of the Minister of Finance*" immediately upon receipt, except for remittances where conditions for payment have not been met (e.g., security deposits). Payments that do not meet payment conditions (e.g., conditional payment) must be returned immediately to the remitter.
6. Whenever payment is made by a cheque by a member of the public in person, ministries must make reasonable checks before accepting the payment. For example, compare the cheque details to the person's separate identification to match the name and address.
7. Ministries must provide adequate facilities for the safekeeping of public money at all times (e.g., from the time received until it is banked).
8. Deposits must be made *daily* except where circumstances dictate this is not practicable or cost effective. The ministry's chief financial officer must approve any exceptions.

[Procedure Requirements - G.1](#)

7.3.10 Accelerated Transfer Accounts

1. Ministries must keep the number of accelerated transfer accounts to a minimum. Ministry applications for accounts must be consistent with operating requirements.
2. The Banking/Cash Management Branch must only set up accelerated transfer accounts with financial institutions.
3. Ministries must keep an adequate record of deposits to accelerated transfer accounts, and provide this record to the Office of the Comptroller General, upon request, for bank reconciliation purposes.
4. Ministries must keep an adequate record of their accelerated transfer accounts. This ministry record must be reconciled at least annually to the central record maintained by Banking/Cash Management Branch.
5. Ministries must review accelerated transfer accounts at least annually to ensure each account is still required. Any account not required must be closed.

[Procedure Requirements - G.2](#)

7.3.11 Refunds

1. Ministries must define "*money received for any purpose that is not fulfilled*", and must determine whether refunds are permitted, and the minimum amount to be refunded. In making these determinations, ministries must take into account enabling legislation and regulations under which revenues are collected.
2. Ministry policies regarding refunds must be documented and communicated as part of the schedule of fees and licences, and must be consistently applied.
3. Refunds must be identified and recorded in the ministry's accounting records.
4. Where a partial refund is made, the reason for refunding a reduced amount must be documented.

7.3.12 Dishonoured Banking Instruments

1. Where a banking instrument (e.g., a cheque, pre-authorized debit or electronic funds transfer) has been deposited by the Province in settlement of a claim and it has been subsequently dishonoured, an accounts receivable must be set up by the responsible ministry. The amount must include a dishonoured banking instrument fee shown separately on any billing. A fee of \$30 will be levied against each banking instrument that is dishonoured.
2. Ministries must immediately advise debtors of their dishonoured banking instrument and the fee charged.
3. Payments received for dishonoured banking instrument fees must be paid into the Consolidated Revenue Fund and identified from other public money by use of a separate STOB.

7.3.13 Exchange Rates

1. The Office of the Comptroller General (OCG) establishes a Canadian/U.S. dollar [exchange rate](#) at the start of each fiscal quarter, or more frequently where fluctuations are significant. OCG must advise ministries and government agents of the prevailing quarterly rate two working days preceding each fiscal quarter.
2. The difference between the actual premium received from or discount paid by the financial institution and the established exchange rate must be recorded in the U.S. Fund Exchange STOB established by OCG.
3. Overpayments resulting from payments received by mail in U.S. funds must be credited initially to a miscellaneous STOB of the ministry. Underpayments resulting from payments received by mail in U.S. funds must be accepted or returned according to the amount of the underpayment and the status of the debtor.
4. All payments received in U.S. funds exceeding \$10,000 must be deposited according to procedures established by the Banking/Cash Management Branch, Provincial Treasury. Ministries must consult with Provincial Treasury in respect of these deposits.

[Procedure Requirements - G.4](#)

7.3.14 Suspense Accounts

1. Where public money has been received and cannot be immediately identified, it must be paid into the Consolidated Revenue Fund and credited to a suspense account established for that purpose.
2. Entries in suspense accounts must be cleared to appropriate accounts as soon as sufficient information is received. In no case should this time exceed one month.
3. Monthly, each ministry must analyze its suspense accounts and reconcile them with the balance reported in the central accounting system.

7.3.15 Insurance Proceeds

1. Ministries must ensure that insurance claims are submitted to the Risk Management Branch, Provincial Treasury, for presentation to the insurer. Ministries must maintain a record of claims submitted and insurance proceeds received.
2. Ministries, in consultation with the Risk Management Branch, must identify the value of and likelihood of receiving proceeds from an insurance claim. A ministry must record the claim as an account receivable when the value is determinable and expected to be received.
3. When insurance proceeds are received before incurring an expenditure, they must be paid into the Consolidated Revenue Fund and credited to a suspense account.
4. When insurance proceeds are received in the same fiscal year to replace an insurable loss not involving tangible

capital assets, ministries must credit the proceeds to the expenditure service line. Unless an account receivable for the claim has been recorded (as in policy 2), proceeds received in a subsequent fiscal year must be credited to a miscellaneous revenue STOB, "Insurance Proceeds."

5. Insurance proceeds from loss or damage to tangible capital assets, regardless of the fiscal year, must be recorded as proceeds of disposition/disposal and form part of the gain/loss calculation on disposal of tangible capital assets.
6. Where no expenditure has resulted from a loss, damage or other event, insurance proceeds must be paid into the Consolidated Revenue Fund and credited to a miscellaneous revenue STOB, "Insurance Proceeds". Proceeds from loss or damage to tangible capital assets must be recorded as proceeds of disposition/disposal and form part of the gain/loss calculation on disposal (as in policy 5 above) and the write down of the asset not replaced.
7. Where the amount of insurance proceeds is greater than any expenditure resulting from a loss, the surplus must be paid into the Consolidated Revenue Fund and credited to miscellaneous revenue STOB, "Insurance Proceeds". Surplus proceeds from loss or damage to tangible capital assets must be recorded as required in Policies 5 and 6.

PART II Accounts Receivable

7.1 Objectives

- manage accounts receivable effectively, including prompt and vigorous collection to minimize amounts owing to government
- provide consistent and equitable treatment to debtors, and regular communication on amounts owing
- charge interest on overdue accounts receivable
- ensure uncollectible accounts receivable are written off under the proper authority, and only after all reasonable and appropriate collection action has been taken
- ensure that debts extinguished by legislation are adjusted in a timely manner

7.2 General

Ministries are responsible for effective communication with debtors, third parties and the Collection and Loan Management Branch (CLMB); and ensuring that accounts receivable are adequately reported, collected, extinguished or written off as appropriate.

CLMB, Ministry of Small Business and Revenue, is authorized to collect delinquent non-tax debts on behalf of ministries that do not specialize in the collection function or have specific authority under legislation other than the *Financial Administration Act*. CLMB also has the authority to sign third party demands on behalf of the Minister of Finance and to set off taxes owed to the debtor by Canada Customs and Revenue Agency.

The Office of the Comptroller General maintains policy for the administration of accounts receivable and provides quarterly and annual government-wide receivables performance reports.

7.3 Policy

7.3.1 Recording of Accounts Receivable

1. All amounts determined to be due to the government must be promptly recorded as an accounts receivable by the ministry. Each account receivable must be recorded and maintained until payment is received or the recorded amount is written off or extinguished.
2. An adequate provision for doubtful accounts must be established. When all reasonable efforts fail to collect an account receivable and it has been approved for write off, the related provision for doubtful accounts should be reduced.

7.3.2 Control and Subsidiary Accounts

1. Ministry accounting systems must incorporate control accounts, where applicable, to ensure the completeness and accuracy of individual accounts.
2. A ministry's accounts receivable control STOB must include all receivables except loans, mortgages and accountable

advances. Separate control STOBs must be maintained for loans, mortgages and accountable advances. Each control STOB must consist of total amounts due, less total amounts received, and any authorized adjustments.

3. Ministries must maintain subsidiary accounts for individual debtors in a manner that discloses, at a given point in time, the aggregate amount owed by each debtor as well as individual amounts making up the aggregate amount. Ministries must also produce aged trial balances for review by senior officers.
4. Monthly, ministries must reconcile subsidiary accounts with the control STOB for each accounts receivable, loans receivable, mortgages receivable and accountable advances.

7.3.3 Statements to Debtors

1. Ministries must issue periodic statements to debtors providing meaningful and concise information on the status of their debts (e.g., identifying principal and interest components). Ministries must determine the frequency of issuing statements based upon the nature of the accounts receivable.
2. Where an amount is due under a loan or other agreement, the debtor must be notified at least 30 days before the due date. If interest is to be assessed for late payment, it must be specified on the invoice and statement.

7.3.4 Reporting Requirements

1. By July 20, October 20, January 20 and April 30 of each year, the ministry chief financial officer must report to the Financial Management Branch, OCG, accounts receivable on an aged basis, and by each major revenue source or program as at the quarterly period ended. Explanations of significant variances from the report for the previous quarter must be included with each quarterly report. The aging categories must be as follows:
 - accrued/not accrued;
 - current;
 - 31 - 60 days;
 - 61 - 90 days;
 - 91 days - 1 year;
 - 1 - 2 years;
 - 2 - 3 years;
 - over 3 years.
2. By April 30 of each year, the chief financial officer must report to the Financial Management Branch, OCG, a summary of accounts receivable activity by source or program for significant revenue and accounts receivable at fiscal year-end (revenue normally exceeding \$25 million, or accounts receivable balances normally exceeding \$5 million).

7.3.5 Interest on Accounts Receivable

1. Ministries must charge interest on amounts owing to the government in accordance with the [Interest on Overdue Accounts Receivable Regulation](#).
2. Ministries must calculate [interest on overdue accounts receivable](#) on a prorated basis (compounded monthly as in policy 9) commencing on the first day after the money becomes due. Money is due when:
 - an invoice or a written request to the debtor for payment had been issued and not paid within 30 days; or
 - the goods have been delivered in good condition or the services have been performed in accordance with the contract and not paid within 30 days.
3. Where the amount of interest calculated is \$5.00 or more it must be added to the accounts receivable. Where the amount is less than \$5.00 it is deemed not due to the government.
4. When a debtor pays an account in full within 30 days, the ministry must accept payment of that amount as full settlement of the account.
5. Ministries must record interest charges owing separately in their accounts receivable records and identify individual amounts owing for each debtor.

6. Ministries must advise each debtor of all interest charges to the debtor's account either by separate invoice or through periodic statements of account.
7. Ministries must deposit payments for interest charges to the Consolidated Revenue Fund.
8. Where interest arises from a loan agreement or similar contractual arrangement, interest on the past due principal and interest must be calculated according to the terms and conditions of the contract.
9. When a debt has been written off, ministries must stop recording interest as revenue and an amount owing. If a debt that was written off is reactivated, the ministry must record interest from the date the debt was written off until the debt is paid.
10. The interest calculated must be compounded monthly. Monthly compounding occurs on the same day, as the due date in any subsequent calendar month (i.e., if the due date is May 11, then the first compounding date is June 11). Compounding is based on the number of days from, but excluding the last compounding date (or if no compounding date has yet occurred, the due date) to and including the current compounding date.

[Procedure Requirements - G.7](#)

7.3.6 Ministry Collection Action

1. Each ministry must establish a collection strategy that takes advantage of the full range of available collection methods, tools and specialists. The collection strategy needs to complement program needs and statutory requirements.
2. Ministries must establish an accurate and timely reporting system to notify collections staff when an accounts receivable becomes overdue.
3. Ministries must take prompt and vigorous action to collect overdue accounts receivable. Ministries must establish fair but determined processes to recover these accounts.
4. Ministries must document all actions taken to collect overdue accounts.
5. Each ministry is accountable for its own accounts receivable collection results. This accountability for collection results does not end on the transfer of a ministry's accounts receivable to a central government collection branch, a private collection agency or by any other alternative method of collection.
6. Accounts receivable are considered overdue when a debtor does not pay or resolve the debt within 30 days after the government issues an invoice or a written request for payment to the debtor.
7. Accounts receivable, in most cases, should be at least 30 days overdue (i.e., 60 days after invoice notification), before ministries advise debtors that their accounts are overdue and that the accounts may be:
 - turned over to a central government collection or private collection agency; or
 - subject to legal action.
8. In circumstances where the government owes money to a person, and that same person owes money to the government, recovery must be initiated by the creditor ministry by way of:
 - adjustment to payment, if within the ministry; or
 - set-off through Legal Encumbrance Section, OCG if between ministries
9. When a payment has been received and two or more ministries have claims against a debtor, they must be addressed in the following order:
 - first, by the expressed statements or implied actions of the debtor;
 - second, to the government's advantage; and
 - third, to the earliest debt in time, and to interest before principal.
10. Ministries must enter into information sharing agreements when sharing personal information with another ministry or public body for the purpose of collecting government debt, as indicated by section 33 (i) (i) of the [Freedom of Information and Protection of Privacy Act](#).

7.3.7 Employee Collection Action

1. Ministries must immediately inform employees of any salary or other overpayments and establish a mutually agreeable schedule for full repayment. The repayment schedule must be signed off by the ministry and the employee, and placed on the employee's payroll file. The amount owing must be recorded as an account receivable until the overpayment has been recovered. Where the employee will not agree to a reasonable repayment schedule, deductions from pay can be made without the employee's written authorization. The deduction may be considered repayment of an advance.
2. Ministries must consult with Strategic Human Resources in any situation where the collection action being considered is beyond the scope of this policy.

7.3.8 Set-offs

1. Before set-off action is initiated, ministries must ensure that all regular means of collecting the debt have been considered and attempted.
2. Ministries must forward interministry set-off requests submitted under section 38 of the [Financial Administration Act](#) to the Comptroller General for approval.
3. After approval by the Comptroller General, the account receivable of the debtor may be reduced once processing of the cheque or payroll requisition is completed.
4. Where the amount due to the government is less than or equal to the amount owing by the government, the payment requisition must include the amount to be set-off against the gross amount to be paid. This policy does not apply to contractual arrangements containing a specific provision not to set-off.
5. The ministry must initiate set-off action to protect the government's interest for any goods or services provided prior to the date of appointment of a receiver or of an assignment in bankruptcy. Any residual amount payable is to be paid to the receiver or trustee in bankruptcy, as appropriate. The ministry must consult with its legal counsel if there is any doubt as to the legality of the payment.
6. When the ministry wishes to take set-off action against a Crown corporation or a public body of the Province, it must first consult with the ministry responsible for the debtor entity. The result of this consultation must be included with the request to the Comptroller General for set-off action. A copy of the request must be sent to the chief financial officer of the ministry responsible for the debtor.
7. Before initiating a trust account set-off, ministries must obtain a legal opinion that this action is acceptable, either under statutes governing the trust or under the trust instrument itself. Ministries must include a copy of the opinion with the set-off request.
8. When a set-off is made, the debtor must be informed in writing of the gross payment, the set-off amount and the net payment.
9. Where two or more ministries are pursuing set-off action with a debtor and the government receives a payment for less than the total of all claims, the funds must be allocated to the ministries in the order outlined in [Ministry Collection Action](#), section 7.3.6, policy 9. Where ministries do not agree on the priority of their respective claims, the Comptroller General must allocate the funds.
10. With the exception of salary overpayments, ministries must provide employees who owe money to the Province with written notice of the intent to set-off. Notice must be presented to the employee directly.
11. Where third party demands are initiated at the same time as set-off action, the ministry must inform the Assistant Manager, Legal Encumbrance Branch, OCG, immediately when payment is received. When a debt is recovered in full, all set-offs and third party demands relating to the debt must be cancelled and any surplus funds must be returned promptly.

7.3.9 Third Party Demands and Garnishments

1. The ministry chief financial officer must ensure that the following information is retained on file prior to approving a request for a third party demand:
 - how and when the debt arose;
 - evidence that the debt can be collected legally;
 - collection action taken to date;
 - the reason for initiating the third party demand;
 - third parties known to do business with, or who employ, the debtor;

- set-off action instituted or recommended; and
 - a completed (but unsigned) Third Party Demand Notice.
2. Prior to issuing a request for a third party demand, ministries must ensure:
 - accounts receivable collection has been pursued consistent with policy;
 - the debt can be collected legally. Where doubt exists, the ministry must request that legal counsel obtains a judgment against the debtor; and
 - consider set-off action; or
 - consider a defined payment schedule.
 3. Ministries must forward unsigned Third Party Demand Notices together with documentation indicating the chief financial officer's approval to the Collection and Loan Management Branch (CLMB) for sign-off.
 4. The debt must include interest in accordance with policy. The third party demand must stipulate that interest is accruing.
 5. Normally, ministries should not initiate a demand on a third party until at least 90 days after the debt was incurred. In certain instances, however immediate collection may be warranted. A third party demand must be requested promptly and normal means of collection can be bypassed or shortened.
 6. A third party demand on an employer must not exceed 30 per cent of the net wages or salary per pay period of the employee (debtor) except where the ministry considers it is unlikely that the remainder of the debt will be collected, or the debtor will remain employed with that employer.
 7. The debtor must be notified by the ministry at the same time and in the same manner as a demand is made on a third party.
 8. Ministries must not execute against joint bank accounts unless all parties to the account are debtors of the Province.
 9. If set-off relating to the same debt has been initiated, the ministry must also inform the Assistant Manager, Legal Encumbrances Branch, OCG, upon receipt of payments.
 10. When a debt to the government is paid in full, all demands and set-offs for that debt must be cancelled. Surplus funds received from the third party or from the debtor must be returned promptly.
 11. Verbal instructions to the third party by a ministry officer are sufficient to cancel a demand notice. Verbal cancellation of a demand notice must be confirmed in writing by the ministry.
 12. A third party demand expires when the debt is paid in full, or if applicable, at the end of the term set out in the demand notice.
 13. Where there is any doubt about government proceedings, ministry legal counsel must be consulted to ensure that garnishment orders are obtained in an appropriate manner.

7.3.10 Collection and Loan Management Branch

1. Ministries must obtain approval from Treasury Board Staff to transfer the collection of delinquent debts to the Collection and Loan Management Branch (CLMB).
2. Either the ministry or CLMB can seek to establish a memorandum of understanding for the transfer of delinquent debts. The parties must submit a joint proposal to Treasury Board Staff providing the general framework for the transfer of debts from the ministry to CLMB.
3. The ministry and CLMB must complete a memorandum of understanding, based on a netting model, for the recovery of administrative costs. The memorandum of understanding should set out any direct reimbursement by the ministry to CLMB for services or costs not covered by the netting model.
4. Prior to a ministry referring debts to CLMB, the ministry must validate all accounts and ensure that the debts are clear of any appeals and/or adjustments.
5. The ministry and CLMB must sign an information sharing agreement that provides direction on the reasons for collection and for the use and disclosure of that personal information.

7.3.11 Private Collection Agencies

1. Ministries must only consider the services of private collection agencies to recover debts owed to the government after the ministry's normal collection activities have been exhausted, or when a business case supports this collection option.
2. Commission costs for private collection agencies to collect ministry delinquent accounts receivable must only cover fees payable for the successful collection of debt. The cost of additional services that are not directly related to the successful collection of debt (e.g., skip tracing, credit checks, credit bureau reporting) cannot be netted from collection proceeds and must be funded by the ministry.
3. Ministries must not use private collection agencies for debts due from the following:
 - other ministries or agencies, trusts, boards or commissions and government organizations;
 - provincial government employees from whom the ministry can recover by set-off action;
 - other governments; and
 - participants in a current appeal or a court proceeding.
4. The ministry and the private collection agency must complete a contract specifying the transfer of delinquent debts and the details of collection. The contract must include the commission rate for accounts collected, the cost of additional services and the rights and obligations of each party.
5. The amount of a fee or the rate of commission must be reviewed by the ministry and approved by Treasury Board as part of the annual review of fees and licenses.

7.3.12 Write-offs

1. Only those debts for which all reasonable and appropriate collection action has been taken can be submitted for write-off.
2. Ministries must ensure that uncollectible debts are reviewed at least once a year and identify those debts that should be submitted for write-off.
3. All write-off submissions must include the relevant debt information. Submissions for the write-off of debts exceeding \$5,000 must be appropriately categorized, and must include details of the collection action taken, the debtor's financial status (if relevant), and why further collection action is not possible.
4. The categories for submission are:
 - debtors who have died leaving no estate;
 - debtors who cannot be located;
 - debtors who are indigent;
 - debtors residing outside of Canada in locations where there are no apparent means of collection and there is no indication that the debtor has family or business ties that might encourage return to Canada;
 - debts where, in the view of the creditor ministry, further expenses to collect are not justified in relation to the amount of the debt and the possibility of collection;
 - debts where legal counsel has indicated that the amount involved does not warrant the prospective costs of action to collect;
 - debts where liability has not been admitted by the debtor and where the success of proceedings to collect is unlikely;
 - debts where the existence of an enforceable debt due the Crown cannot be readily established (e.g., where records have been lost or destroyed and the ministry is unable to prove receipt of services by the debtor); and
 - debts where a corporation is inoperative and without assets.
5. The chief financial officer must authorize the write-off of receivables of \$5,000 or less. This authority may be delegated to officers within the ministry to write off individual debts of \$500 or less. Officers must maintain adequate records of any amounts that they have written off and report quarterly to the chief financial officer on any write-off action taken during the quarter.
6. The executive financial officer must recommend the write-off of debts greater than \$5,000 and less than or equal to \$100,000. Submissions for approval must be made to the Comptroller General through the Financial Management Branch, OCG.

7. The respective minister must sign on the recommendation of the executive financial officer all submissions for the write-off of debts greater than \$100,000. Submissions for approval must be made to Treasury Board through the Financial Management Branch, OCG.
8. Ministries must not submit the following debts to the Comptroller General or to Treasury Board for write-off:
 - bankrupt individuals – when an order of discharge has been granted, the ministry must remove the account on the basis of the order;
 - judgment or other court orders – when it is determined that the Province can collect a lesser amount than the recorded debt, the ministry must adjust the account on the basis of the court's order;
 - restrictions imposed by statute – where a statute restricts the amount of a debt (e.g., the *Court Order Enforcement Act*, the *Limitation Act*), the ministry must adjust the account on the basis of the recoverable amount.
9. Debts of a bankrupt corporation must be written off through the normal procedures since, according to the *Federal Bankruptcy and Insolvency Act*, a corporation may not apply for a discharge unless it has fully satisfied the claims of its creditors.
10. After consulting with its legal counsel, a ministry may accept a compromise settlement of a debt. A portion of the original debt must be written off as identified under the terms of an agreement.
11. When authority has been received to write off a debt, the debt must be transferred from the ministry accounts to a reference file of "debts written off", where it must remain until paid, or forgiven (pursuant to section 18 or 19 of the [Financial Administration Act](#)), or extinguished pursuant to other legislation.
12. Annually, ministries must submit statements of debts written off during the fiscal year, together with supporting authorizations, to Financial Reporting and Advisory Services, OCG, for Public Accounts reporting purposes.

7.3.13 Extinguishments

1. The responsible minister must authorize all submissions for extinguishment. Proposals must be forwarded for review to the Minister of Finance, through the Financial Management Branch, OCG, prior to submission to the Lieutenant Governor in Council.
2. The Minister or the Deputy Minister of Finance, or the Assistant Deputy Minister, Provincial Treasury, pursuant to [BC Regulation 269/92](#), can conclude a settlement agreement or compromise settlement to forgive some or all of a debt or obligation not exceeding \$100,000. In addition, the following CLMB officers have authority to conclude a settlement agreement to forgive some or all of a debt or obligation (principal plus interest) to the following limits:
 - the director – \$40,000;
 - a manager – \$20,000;
 - a collection officer – \$10,000.
3. A ministry may accept a compromise settlement of a debt only after approval by Legal Services, Ministry of Attorney General. A portion of the original debt can be extinguished under the terms of an agreement.
4. Annually, ministries must submit statements of debts extinguished during the fiscal year, together with supporting documentation, to Financial Reporting and Advisory Services, OCG, for Public Accounts reporting purposes.

7.3.14 Remissions

1. Submissions for remission orders must be:
 - prepared by the ministry officials responsible for revenue management;
 - recommended by the senior and executive financial officers;
 - recommended by the Minister of Finance; and then
 - submitted to the Executive Council (i.e., Cabinet).
2. Recommendations submitted pursuant to policy 1 must be to:
 - approve;
 - approve with conditions;

- not approve; or
 - provide no opinion because of conflict of interest or some other circumstance that makes an opinion inappropriate or impossible.
3. All submissions for individual ministry remission orders must, at a minimum, contain the following information:
- the name and address of the person whose obligation is to be forgiven;
 - the amount to be remitted;
 - justification for remission;
 - sufficient background information to enable Cabinet to form an opinion on the question of whether "great public inconvenience", "great injustice" or "great hardship" will result if the remission is not granted; and
 - other information, including ministry comment for or against the remission.
4. Annually, ministries must submit statements of remissions granted during the fiscal year, together with supporting documentation, to Financial Reporting and Advisory Services, OCG, for Public Accounts reporting purposes.



D. Payment Processing Procedures

[D.1 Expense Authority Certification](#)

[D.2 Cheque Stub Printout](#)

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D.1 Expense Authority Certification

[Core Policy - 4.3](#)

1. Further to policy [4.3.2](#), the expense authority may receive assistance from staff to fulfill his/her responsibilities. However, the expense authority is accountable for expenditure approval, and approval of payment requisitions for direct invoices (i.e., vendor invoices or items not matched to a purchase order or contract using iProcurement). Staff assistance includes:
 - requisitioning, account coding, and receiving of goods and services;
 - qualified receiver confirmation of goods and services received, agreement with support documentation, and completion of the electronic receipt (for an iProcurement invoice);
 - checking accounts for correct amounts, noting the HST rate charged, and that discounts and credits are taken, and the item was not previously paid;
 - qualified receiver sign off of the direct invoice (or coding sheet/equivalent); and
 - filing support documentation and processing payments.
2. The expense authority approval is evidenced by a written or [electronic signature](#). All other methods of signing or certification (such as rubber signature stamps, adhesive slips, or mechanically produced signatures, etc.) are prohibited.
3. Ministries shall ensure expense authorities are certain of their responsibilities when making the approval. For example, expense authorities should acknowledge (as part of signing the Expense Authority Specimen Signature Card), that they have read and understand the related financial policy and [training bulletin](#). It is recommended that expense authorities review these areas at least once each year.
4. The Corporate Compliance and Controls Monitoring Branch, Office of the Comptroller General may at times request verification that an expense authority has, in fact, been exercised in accordance with financial policy.

D.2 Cheque Stub Printout

To ensure that the supplier receives adequate information to identify the payment, quote both the invoice number and account number where provided. In the absence of invoice and account numbers, quote the supplier's reference as indicated on the invoice (i.e., expenses incurred for the month of June 1998).

Quote invoice dates whenever this information may assist the supplier in identifying the payment. Where payment of a statement is acceptable, the statement date and account number should be quoted.

If an adjustment has been made to an amount payable, provide the reason for the adjustment (if the supplier has not already been notified).

Ministries may consider including their customer service contact and telephone number as part of the cheque stub information .

D.3 Contract Payments

[Core Policy - 6.3.6](#)

Ministries must ensure that a system is in place to provide the OCG with ready access to all contracts generated by that ministry.

Required Invoice Detail

Invoices for contracts must contain sufficient detail to be identified with the specific contracts. This will include information as per schedule "B" of the standard contract format. Suppliers are encouraged to use numbered invoices. Where a standard contract is not used, the invoice should, as a minimum, contain:

- the name of the ministry or agency;
- the name and address of the supplier, and Business Number (if registered);
- the date of the invoice;
- a description of the services provided;
- the rate of pay (by the hour, day, etc.);
- the dates and/or hours being charged;
- the total amount charged and the HST (if registered); and
- reference to the (non-standard) contract or agreement.

Note: Evidence of expenses incurred must be provided in support of expenses claimed. Documentation could include receipts/copies of receipts or itemized statements. Adequate controls in the ministry must be in place to prevent duplicate payments.

Expense Authority Responsibility

Expense authorities are responsible for ensuring that the invoice account verification procedures are carried out. Ministries shall use a contract summary or an equivalent record to administer and control invoice contract payments.

Contracts Without Invoices

Further to above, where the lease, rental, or other contractual agreement provides for a schedule of regular payments without invoices, expense authorities shall submit, in lieu of an invoice, an appropriate alternative supporting document with each payment request. This also applies to payments out of ministry bank accounts. Where expenditure agreements are subject to annual appropriations of funds, then the non-invoice payment terms must also be subject to the annual appropriation provisions.

Where a supplier elects to not send invoices after the original contractual agreement has been signed, and where the expense authority deems it not practicable to sign a formal contract addendum, the expense authority may submit, in lieu of a formal addendum, an appropriate alternative addendum document. For example, a copy of the supplier's notice of new payment terms, signed by an expense authority, will suffice. The expense authority shall submit an appropriate supporting document, in lieu of an invoice, with the first and with each subsequent payment request.

Ministries may not make such "non-invoice" payment arrangements for fee-for-service contracts, unless specifically approved by Office of the Comptroller General.

The supporting document(s) in lieu of invoices for "contracts without invoices" shall be:

- "Contract Summary" form ([FIN 163](#)) or
- a ministry designed "Non-Invoice Contract Summary" form.

If a ministry non-invoice contract summary form is being designed, ministries shall follow the requirements of [Forms management](#).

Pre-authorized payment plans, or any other methods, in which a supplier generated withdrawal form charges a Province of BC bank account, are not permitted. Only Provincial Treasury and Office of the Comptroller General may make such arrangements.

Post-dated cheques are not generally permitted. In certain circumstances a designated officer of Provincial Treasury or Office of the Comptroller General may approve such transaction arrangements.

D.4 Payments in U.S. Funds

Payments in U.S. Funds to Suppliers Located in U.S.A.

Payments to suppliers located in the United States should be in US funds, unless otherwise specified. For all payments in US funds, payment requests will be drawn on the US\$ Bank account. Cheques drawn on the US\$ account are eligible for the United States clearing system; therefore, should not cause any difficulties to the US supplier.

When U.S. Dollar Value Exceeds Canadian Dollar

When the value of the US dollar exceeds the Canadian dollar, the payment request will be completed as follows:

- i. Enter the amount of the cheque in US funds; and
- ii. Enter the US exchange rate as a premium and indicate the exchange amount as a credit to STOB 4612.

When the Canadian Dollar Value Exceeds U.S. Dollar When the value of the Canadian dollar exceeds the US dollar, use the procedures in a) above with the exchange amount shown as a debit to STOB 4612.

Harmonized Sales Tax

Where a U.S. supplier is registered to collect HST or the HST is collected by a customs broker, the tax charged to the HST Paid STOB 1575 needs to be adjusted for the U.S. exchange. The exchange is calculated on the U.S. amount of the HST invoiced.

Transactions of CA\$ 50 (equivalent) up to US\$ 50,000

To process payments of CA\$ 50 (equivalent) to US\$ 50,000 payable in US funds and destined for a supplier located in the United States, ministries will use the quarterly US exchange rate as provided by the Financial Management Branch, Office of the Comptroller General. Rate changes will be transmitted by electronic memorandum to ministry contacts before the quarter and earlier if the quarterly rate requires adjustment.

Note: Ministries are advised by email of rate changes. Exchange rates are posted at <http://www.fin.gov.bc.ca/ocg/fmb/manuals/CPM/us-exch.pdf>

Transactions of US\$ 50,001 to US\$ 99,999

For payments of \$50,001 to \$99,999 in US funds and destined for a supplier located in the United States, on the day the payment is to be made, ministries will obtain a daily rate of US exchange from the [Bank of Canada website](#) or contact the Payments Manager, Banking/Cash Management Branch at (250) 387-7110. The ministry will use the US exchange daily rate to determine the Canadian equivalent of the US funds required.

Transactions of US \$100,000 to US \$4,999,999

The ministry must notify Provincial Treasury, Banking/Cash Management Branch, of the amount in US funds required at least

48 hours before the payment day. On the day the payment is to be made, the ministry must obtain the US exchange daily rate from Provincial Treasury, Banking/Cash Management Branch to determine the Canadian equivalent of the US funds required. The payment request will be treated as a normal US payment.

Payments in US Funds to Suppliers Located In Canada

Periodically, Canadian suppliers will request payment in US funds. Prior to processing such requests, ensure that the payment amount in equivalent Canadian funds is not acceptable.

Transactions of CA \$50 to US \$50,000

To process payments of CA \$50 (equivalent) to US \$50,000 payable in US funds to Canadian suppliers, the payment request is treated as a normal US payment using the quarterly US exchange rate.

Transactions of US \$50,001 to US \$99,999

To process payments of \$50,001 to \$99,999 payable in US funds to Canadian suppliers, on the day the payment is to be made, ministries will obtain a daily rate of US exchange from the Bank of Canada website www.bankofcanada.ca or contact the Payments Manager, Banking/Cash Management Branch at (250) 387-7110 t. The ministry will use the US exchange daily rate to determine the Canadian equivalent of the US funds required. The payment request will be treated as a normal US payment.

Transactions of US\$ 100,000 to US\$ 4,999,999

The ministry must notify Provincial Treasury, Banking/Cash Management Branch, of the amount in US funds required at least 48 hours before the payment day. On the day the payment is to be made, the ministry must obtain the US exchange daily rate from Provincial Treasury, Banking/Cash Management Branch to determine the Canadian equivalent of the US funds required. The payment request will be treated as a normal US payment.

Transactions Payable in US Funds for US\$ 5,000,000 and More for Suppliers Located In Canada and United States

Ministries must notify Provincial Treasury, Banking/Cash Management Branch, well in advance for special arrangements to requisition US fund payments for such very large amounts. It may take from five to fifteen days to free up the short-term investments for such large amounts.

D.5 Payments to Foreign Suppliers

Payments to suppliers in foreign countries other than in the United States should be made in that country's currency (i.e., England-pound sterling, France-French franc, etc.). However, when an invoice specifies payment in a currency other than that of the originating country, payment may be requisitioned in the specified currency. For example, a supplier from England may request payment in US funds.

Where practicable ministries will make payments in Foreign Funds either from petty cash for amounts up to the petty cash transaction limit (Canadian equivalent), or from the CFO Bank Account for amounts up to CA\$1,000 (Canadian equivalent), by purchasing money orders or drafts, preferably from the Provinces principal banker.

Harmonized Sales Tax

Where a foreign supplier is registered to collect HST or the HST is collected by a customs broker, the tax charged to the HST Paid STOB 1575 needs to be adjusted for the foreign exchange. The exchange is calculated on the foreign amount of the HST invoiced.

Application of Exchange Rates

The applicable exchange rate must be applied to the invoice to determine the Canadian equivalent (CA\$). The ministry should contact the Payments Supervisor, Banking/Cash Management Branch at 250 387-7111. Ministries shall specify the amount of foreign currency when obtaining the exchange rates. Provincial Treasury will book the monies with the bank at the daily rate of foreign exchange.

Exchange Rate Requests

Requests for exchange rates must be received by Provincial Treasury by 9:00 a.m. of the day the payment is to be processed or one business day prior to the payment. Ministry officers should be made aware that the bank will not cancel the booked daily rate of foreign exchange. The Province must absorb the gain or loss if the cheque is not presented to the bank for payment on the date that the rate is booked.

Canadian Fund Requests

When foreign suppliers request payment in Canadian funds, show the invoice amount in Canadian funds and the exchange rate as "NIL".

D.6 Certification – Invoices and Other Supporting Documents

[Core Policy - 4.3.4](#)

Supporting documentation shall include: original invoices, letters (memorandums) authorizing payments in specific amounts (i.e., for grant payments), Treasury Board approvals, petty cash replenishment reports, business expense approval forms, accountable advance applications, waybills (or equivalent), packing slips, etc.

- Where invoices are required by contract and/or by Treasury Board policies, ministries shall submit original invoices with the payment requests.
- All invoices or other claims for payment must be date stamped immediately upon receipt with a stamp clearly identifying the ministry ([CPPM 4.3.8.2](#)). It must be clear that the date refers to the date the claim for payment was received and not the date of certification for contract performance or expense authority.

The Purchasing Card is the primary instrument for making small dollar value purchases. In lieu of using the card, an invoice may only be accepted from a merchant when:

- it is in government's best interest to deal with that merchant;
- the merchant is unwilling to accept the Purchasing Card; and
- the invoice is requested by the Cardholder and made out to the ministry.

Required Information

Invoices/supporting documents shall contain the following information:

- the name, address and Business Number of the supplier (or recipient);
- the name of ministry and address where goods or services supplied;
- the date of the invoice (or other claim for payment); and
- a description of goods or services being charged to identify taxable supplies.

Invoices for goods shall show:

- a description of each item purchased,
- the cost per unit;
- the quantity purchased;
- the total amount of HST charged on supply (if there are one or more taxable supplies and one or more supplies to which HST does not apply, the tax status of each must be disclosed);
- the total amount charged (inclusive of HST); and
- the number of the purchase order authorizing the sale.

Invoices for services shall show:

- a description of the services provided;
- the rate of pay (by the hour, day, etc.);
- the number of hours/days;
- the hours/dates being charged;
- the total amount of HST charged on supply (if there are one or more taxable supplies and one or more supplies to which HST does not apply, the tax status of each must be disclosed);
- the total amount charged (inclusive of HST); and
- reference to a contract or agreement.

Note: Only current charges will be processed for payment in the normal manner; charges to old year in April require separate batching/grouping. An adding machine tape is required where there are multiple invoices.

Non-acceptable Invoices/Claims for Payment

The following documents are not to be used in lieu of an original invoice for initiating payment to a supplier:

- packing slips or waybills;
- work orders;
- counter slips (where an invoice is subsequently billed by the supplier);
- facsimiles and photocopies of invoices or duplicate invoices unless a thorough investigation has been carried out to ensure that previous payment has not been made and the invoice is certified accordingly, by affixing the rubber stamp certification or written certification: "Certified that this copy has not been previously passed for payment."
- statements.

Note: Exceptions to payment of a statement include those issued with original waybills or charge slips, and where the company does not issue an invoice.

Early Payment Discounts

The acceptable discount rate for early payments of invoices under the [CPPM 4.3.8 #8](#) is 2% or greater. (Note: An early payment discount is not required for early payment if the payment date is set by contract).

Early payment should only be taken provided the discount amount will exceed the cost of "fast tracking" the payment (approximately \$12.50) plus the foregone interest (invoice amount X prime interest rate X [number of days remaining to the normal payment date divided by 365]).

D.7 Travel Charge Direct Billings

[Core Policy - 10.3.17](#)

The following travel charges may be billed directly by suppliers to ministries and paid on a payment request form:

- Air travel invoices (includes airline "quick tickets").
- Accommodation expenses incurred by ministers and parliamentary secretaries.
- Taxi company invoices:
 - incurred by designated employees in "travel status", and
 - incurred by employees "not in travel status" where ministries have made billing arrangements with taxi companies to charge for transportation within their headquarters' area location or geographical location, and
- Board and lodging expenses exempted by Treasury Board Regulation or Directive:
 - incurred by ministries for employees, when not in travel status, assigned to temporary headquarters where board and lodging are arranged and supplied by the Employer in either Employer-operated camps or by means of local community services

The expense authority must ensure that:

- The person who travelled has been authorized to incur the expense;
- It is certified that services have been rendered (ministries will determine how this certification is done); and
- The direct billing is not being claimed on a travel voucher and has not been previously claimed on a payment request form.

D.8 Payments of Deputy Minister Car Allowance

Each deputy minister (and associate deputy minister), who does not have an automobile provided by the Government, is entitled to an annual allowance of \$6,960 to defray the costs of using a personal vehicle for business purposes.

Canada Revenue Agency has determined that this allowance is taxable to the extent of that portion of the allowance that is not expended on business travel.

The full amount of the allowance must be included in the individual's taxable income and reported on the employee's T4 slip. The total amount is subject to payroll deductions of tax, CPP contributions and EI premiums.

When completing his or her individual income tax return, the employee can deduct the relevant expenses provided they are deductible under paragraph 8(1)(F) or 8(1)(H) of the Income Tax Act and the employee files Form T2200, Declaration of Conditions of Employment.

The individual is responsible for submitting any offsetting claim for business automobile travel by personal vehicle when submitting a tax return. The offsetting claim for business use when submitting a tax return must be supported by receipts and a daily log of kilometres travelled for business purposes.

The ministry chief financial officer is responsible for preparing a letter authorizing payment for each deputy minister (and associate deputy minister) receiving a car allowance. Each letter of authorization is to be submitted to the payroll office for processing prior to the first bi-weekly or monthly payment. The chief financial officer is required to notify the payroll office to end payment when the deputy minister (or associate deputy minister) ceases employment.

STOB 5220 - Taxable Benefits has been added to the CHIPS Account Code Table effective July 9, 2000. Deputy minister car allowance payments are to be coded to this STOB. Enter STOB 5220 in the account code field on the payroll line.

Note: The vehicle distance allowance does not apply when a deputy minister or associate deputy minister elects to receive a vehicle allowance.

D.9 Electronic Deposit of Payments

[D.9.1 Electronic Deposit of Payments to Supplier](#)

[D.9.2 Returned / Rejected Electronic Deposits](#)

[D.9.3 Recall of Electronic Deposits](#)

D.9.1 Electronic Deposit of Payments to Suppliers

Electronic deposit of payments to suppliers is the Province of B.C.'s preferred method of payment. Ministries should encourage general and employee suppliers to receive payment by electronic deposit:

- to reduce cost;
- to ensure the timely and secure delivery of payment; and
- to assist in meeting the Province's environmental initiatives (where electronic deposit is combined with receipt of payment statements by email)

1. General suppliers may elect to receive electronic deposit of payments. Bargaining unit provincial government employees are required by the [collective agreement](#), article 27.27 to receive reimbursement of travel expenses by electronic deposit. 2. To

provide electronic deposit of payments ministries need to ensure that:

- general and employee suppliers' bank account data has been established in the [CAS Supplier Maintenance data base](#);
- payments are made in Canadian dollars; and
- the suppliers' bank account is held at a financial institution within Canada.

3. Requests to update the supplier maintenance bank account module need to be completed by use of a [Direct Deposit Application Form \(FIN 312\)](#).

4. Original signed forms need to be submitted for processing to minimize the potential for fraud and financial loss to the province.

5. Ministries need to ensure that forms (or copies) are maintained and transferred in a secure manner to guard against any unauthorized release of personal information.

6. Ministries can obtain printed forms from the Office Products Centre (OPC 7530951069) to provide to suppliers, or use the fillable [Direct Deposit Application Form \(FIN 312\)](#) pdf. Refer to the [OCG - Financial Forms](#) site and follow the instructions to complete the form, or [Provincial Treasury, Payment Services](#) for additional information.

7. Agency roles and responsibilities with respect to handling and processing the Direct Deposit Application Form (FIN 312) are as follows:

[Ministry CAS Contacts](#) for [Supplier Maintenance](#):

- for review, accuracy and authorization of the forms
- for form review to ensure that supplier information is current and valid
- to submit forms to Provincial Treasury, Payment Services

[Provincial Treasury, Payment Services](#):

- for review to ensure that banking information meets Canadian Payment Association (CPA) requirements, and to accurately enter and maintain the bank accounts in accordance with the authorized form
- responsible for the receipt, review and release of electronic payment files, excluding the specific payments/receipts data within those files
- for the maintenance of the CPA Bank/Transit file and providing updated CPA account validation edits
- to forward forms on to CAS

[CAS Security and Data Administration](#):

- to link bank account information to individual supplier number
- to maintain, file & archive the original form and supporting documentation

D.9.2 Returned / Rejected Electronic Deposits

Periodically, electronic deposits cannot be made in line with the banking information on file, and are rejected and returned to the Province.

1. Provincial Treasury Payment Services receives notification of returned electronic deposits and notifies the issuing ministry financial services' contact (by fax or email). The notification includes:

- payment detail information;
- reason for return; and
- confirmation that the banking information has been inactivated and voided in CAS oracle.

2. As required, ministries may issue a replacement payment by cheque following the process outlined in the [CAS Oracle AP User Manual, Chapter 6](#).

D.9.3 Recall of Electronic Deposits

Ministries may require an electronic deposit to be recalled after the payment has been created and released to Provincial Treasury.

1. Only an authorized ministry financial service representative can request Provincial Treasury to recall an electronic deposit by forwarding the request by [email](#), and by providing the:

- reason for recall;
- oracle a/p payment number;
- payee/supplier name;
- amount; and
- payment due date.

2. Recall requests need to be received by Provincial Treasury not later than 10 am on the business day prior to the payment due date.

3. Provincial Treasury confirmation of the recall will be forwarded to the ministry contact by returned payment notification once the payment has been returned and credited to the Province (generally the business day after due date).

D.10 Cheque Management

Cheque Management is a key area of control for the provincial government. For cheque production, timely and systematic monitoring of cheque clearing and efficient administration of stop payments reduce the risk of financial loss due to fraud or error. Cheque Management in this section refers to the administration of cheque payments after issuance. The process is outlined in the following sub-sections:

[D.10.1 Cashed Cheque Records](#)

[D.10.2 Stop Payment or Cancellation of Cheque Payments](#)

[D.10.3 Issuance of Replacement Cheque Payments](#)

[D.10.4 Returned Undelivered and Returned Undeliverable Unclaimed Cheque Payments](#)

Agency and Ministry Roles and Responsibilities

[Treasury Payment Services \(TPS\):](#)

- Maintains the Cheque Management System which records cashed cheque, stop payment, replacement and returned undeliverable/unclaimed information for the following Province of BC cheque only issuance accounts:
 - General – Canadian;
 - General – US;
 - Senior Supplement;
 - Medical Services Plan;
 - Government Agent (issued by Service BC); and
 - Province of BC Payroll
- Responsible for receipt, review, accuracy and timeliness of the recording of:
 - stop payment requests;
 - cheques returned as undeliverable;

- replacement cheque details*; and
- redirected cheques.
- Responsible for management of the:
 - returned undeliverable / unclaimed cheque items account;
 - cashed cheque data process;
 - returned / reinstatement item process; and
 - review, approval and co-ordination of *Forged Endorsement/Intended Payee Not paid Claims*, and *Holder in due Course Claims*.

*Note: TPS deals directly with Contacts at Ministry Corporate Financial Service / Administration Branches **. Program areas forward cheque management requests through their appropriate ministry corporate financial service / administration branch contact (refer to the government directory or your ministry directory for contact information).*

** only recorded in the Cheque Management System (CHQ) if the replacement cheque is issued using special handling code "X".*

*** excludes authorized high volume payment programs.*

Ministry Corporate Financial Service / Administration Branches:

- Responsible to ensure that contacts are appropriate and authorized, and have online access to the Cheque Management System.
- Provide administration services for cheque issuance accounts held within the ministry (i.e. imprest, trust accounts).
- Accountable for the authorization and documentation of any internal ministry cheque management or administration processes.

Contacts at Ministry Corporate Financial Service / Administration Branches are responsible for:

- review, accuracy, authorization and records management of *Stop Payment* request forms and subsequent submission to TPS;
- collection, review, accuracy and records management of *Indemnity* forms completed by suppliers;
- management of any applicable processes relating to cancellation or replacement of a cheque payment submitted for stop payment;
- timely review of *Return Undeliverable Cheque Management* reports received, and for appropriate direction to TPS for the disposition of outstanding items; and
- communication and correspondence with ministry program contacts or suppliers.

D.10.1 Cashed Cheque Records

The Province's banker provides daily electronic cashed cheque information files to update the Cheque Management System (CHQ). Cashed cheque information is available online one business day after the cheque has been cashed by the supplier/payee. Online cashed cheque records are maintained for the current fiscal year and the last fiscal year.

1. Cheque Enquiry

- a. Ministries need to ensure that their financial service / administrative contacts have online access to CHQ.
- b. When access is not available or where the cheque issue date is prior to the information available online, ministries need to submit a completed *Cheque Enquiry / Stop Payment / Replacement Requisition / Payment Cancel* form ([FIN 358](#)) to TPS for cheque "Enquiry" only.

2. Cashed Cheque Copy

Ministries need to provide the payee with the cash date of the cheque payment and request they review their bank records before requesting a cashed cheque copy. In all cases, ministries must only provide a cheque copy when the request is received in writing from the payee.

- a. TPS can provide digital image copies to authorized ministry contacts upon request by email using the *Cheque Copy Request* form ([FIN 243](#)). The information on the cheque copy is subject to the provisions of the *Freedom of Information Privacy & Protection Act* and must only be provided to the payee as recorded on the issued cheque payment. Contact your ministry FOI office for direction and additional information when requested to provide a copy of a cashed cheque to any third party.
- b. Requests for cheque copies received from Canada Revenue Agency or law enforcement agencies must be redirected to TPS.
- c. Requests from internal ministry investigators, internal auditors and the Office of the Auditor General may be directed to TPS if the payment information is provided.
- d. Original cashed cheques will only be released to Crown prosecutors for restricted use in a court of law.

D.10.2 Stop Payment or Cancellation of Cheque Payments

1. Ministry Requested Stop Payment or Cancellation of Cheque Payment

This is processed by submission of a completed [FIN 358](#) form to Treasury Payments Services (TPS). Ministries need to:

- review TPS CHQ online cheque information to determine the status of a cheque payment;
- when the issue date is prior to the information available in CHQ, forward a cheque enquiry to TPS;
- unless fraud or theft is suspected or the payee is not entitled to the payment, allow 10 business days after the issue date before requesting a stop payment; and
- ensure that a completed *Indemnity* form ([FIN 369A](#) for payments not exceeding \$5,000 CAD, or [FIN 369](#) for payments that exceed \$5,000 CAD) or original cancelled cheque is on hand before requesting a stop payment.

2. CAS Oracle Payment Void Transaction

- TPS will void the original payment transaction in CAS Oracle within 2 business days following the stop payment date
- Void transactions cannot be reversed
- Ministries need to refer to [CAS User Manual 6.2.3](#) for additional information regarding void transactions.

3. Forged Endorsement / Named and Intended Payee Not Paid Claim

A recovery solution is available to recover funds where the ministry has determined the intended payee has not cashed or received value for a cheque payment, and a replacement cheque is to be issued.

a. Definitions:

Forged Endorsement -- means an endorsement in the name of the payee that is not made by that person or by someone authorized to sign on that person's behalf, but does not include an endorsement in the name of a payee when the payee name on the face of the item has been altered without authorization.

Intended Payee Not Paid -- means that the named and intended payee(s) of a payment item did not receive the funds, but does not include an item where the payee name on the face of the item has been altered without authorization.

For detailed information, refer to [Canadian Payments Association Rule A4](#).

b. Initiation of a Forged Endorsement or Named and Intended Payee Not Paid Claim

Where the intended payee has reviewed a copy of the cashed cheque payment and has determined that the endorsement is forged, and where the intended payee has not been paid or received value, a ministry may choose to request a *forged / intended payee not paid* claim.

To do this, the issuing ministry has to provide all relevant cheque payment details and any correspondence from the payee, and forward the request to:

Treasury Payment Services
PO Box 9414 Stn Prov Govt
Victoria, BC V8W 9V1
Fax #250.953.4765
Email: FIN_PT_BCM_CHQ

c. Claim Review - TPS

- Claims will not be initiated if:

the cheque payment is less than \$100;

the claim is not submitted within 12 months of the cash date (with the exception of items over \$5,000);

the negotiating financial institution has confirmed that the cheque payment was deposited to an account in the name of the payee. (Note that if cheque payment has been issued with only an initial and surname, the claim will be rejected if the account is held by a person with the same surname).

The ministry contact will be notified of a claim rejection and with the reason for the rejection. Claims cannot be initiated when the cash date is more than 7 years after the cheque date.

- Claim initiation:

- TPS forwards the applicable declaration to the requesting ministry contact;
- the ministry is required to send the declaration to the payee to complete and sign in the presence of a Notary Public, a Canadian Law Enforcement Officer or a [Commissioner for Taking Affidavits in the Province of BC](#);
- the completed declaration is to be returned to TPS (see address above) no later than 3 months from the date the claim was initiated;
- TPS will cancel the claim and notify the ministry contact if documents are not received within 5 months. A claim will not be re-opened if cancelled.

Refer to the [Provincial Treasury Intranet](#) (government access only) for more information on forged endorsement claims.

- Issuance of a Replacement Cheque Payment:

- TPS will return the original cashed cheque and declaration to the negotiating financial institution;
- the financial institution is permitted 10 business days to trace the cashed cheque and/or dispute the claim;
- TPS records a stop payment and voids the cheque payment in CAS Oracle;
- once confirmation of credit has been received, TPS will notify the requesting ministry contact to initiate a replacement cheque.

4. Lost in Clearing

All requests from financial institutions for items lost in the financial clearing system should be directed to the [Manager, Treasury Payment Services](#) for further instructions.

5. Holder in Due Course Claims

All requests from financial institutions or other cheque cashing agencies for holder in due course claims, under Section 55 of the [Bills of Exchange Act](#), should be directed to TPS. TPS will review the claim and notify the ministry if reimbursement is required to be paid.

The initiating ministry is required to:

1. reimburse the cashing agency;

2. set up an account receivable (refer to CPPM Chapter 7); and
 3. recover the original payment from the payee
6. Handling of Cheque Payments (previously stop paid or cancelled)

Ministries periodically recover cheques that have been previously stop paid or cancelled. Do not deposit these cheques. Write *Cancelled* across the face of the cheques and file them with the stop payment documentation.

7. Province of BC Payroll

Requests for stop payment / cancellation / replacement with respect to Province of BC Payroll cheque payments should be directed to the [Contact Centre Payroll & HR Systems](#).

D.10.3 Issuance of Replacement Cheque Payments

Replacement cheque payments should only be issued if:

1. the stop payment is confirmed. Online cheque enquiry in the Cheque Management System (CHQ) will confirm that the stop payment has been recorded;
2. the original payment transaction is voided in CAS Oracle. CAS payment enquiry will confirm that the void transaction has been completed; and
3. a completed *Indemnity* form ([FIN 369A](#) for payments not exceeding \$5,000 CAD, or [FIN 369](#) for payments that exceed \$5,000 CAD) or original cancelled cheque is on hand.

Refer to [CAS User Manual](#) for replacement cheque process details. Where ministries have issued the replacement cheque using special handling code "X", Treasury Payment Services (TPS) will record the replacement cheque information in CHQ.

1. Indemnity

Indemnity provides legal protection should the original cheque be cashed after a replacement has been issued. Its purpose is to indemnify the Province against the duplicate payment. By signing the indemnity, the payee is stating that he/she has either:

- never received, or
- received and subsequently lost the original cheque

and should it be found, it would not be presented for payment.

- a. Indemnity is not required if the original cheque has been returned to the ministry or Treasury Payment Services.
- b. For replacement of cheque payments not exceeding \$5,000 CAD, use *Indemnity* form [FIN 369A](#).
- c. For replacement of cheque payments that exceed \$5,000 CAD, use *Indemnity* form [FIN 369](#) (available from Product Distribution).

2. Stale Dated Cheque Payments

Ministries should not hold any cheques issued by the Province that have been returned to them for any reason, or that cannot be forwarded to the payee. If the payee is not entitled to the cheque, it should be cancelled by Provincial Treasury using the [FIN 358](#) form. Where the payee cannot be located the ministry should return the item to TPS as *Returned Undeliverable*.

3. Replacement Cheques

Industry standard of a six-month stale date policy applies to all of the Province's accounts. Therefore, ministries will be required to issue replacement cheques for any stale dated cheques (i.e., over six months old).

Note: If the original cheque is available, it can be used in place of the Indemnity.

4. Replacement Cheque – Government Agent

The Government Agent which originally issued a cheque payment can issue a replacement cheque once there is confirmation that the original cheque payment has been stop paid, and payment has been voided in CAS Oracle. Alternately, the originating ministry may process the replacement cheque via CAS Oracle using the process which is outlined in the [CAS User Manual](#).

D.10.4 Returned Undeliverable and Returned Undeliverable Unclaimed Cheque Payments

Province of BC Cheque payments that cannot be delivered by Canada Post are returned to Treasury Payment Services (TPS). TPS records each *Returned Undeliverable* cheque payment in the Cheque Management System (CHQ).

1. Notification of Returned Cheques

TPS forwards a *Returned Cheque Report* (CHQ05) to the issuing ministry the business day after the cheque has been recorded in CHQ.

Province of BC US Cheques: are recorded in CHQ and then directed to the issuing ministry.

Province of BC Payroll Cheques: will be redirected to the employee if a new address is available in the Province of BC Global address book. If no address is available the cheque will be returned to Solutions BC, Payroll Services.

2. Disposition of Returned Cheques

Ministries are responsible for determining the disposition of their undeliverable returned cheques. Ministries are asked to make every effort to check the accuracy of the payee address on the issued cheque payment. On the *Returned Cheque Report* there is a space provided for "Instructions for Disposition".

Note: Ministries can view the address on the issued cheque payment by viewing the payment information on CAS Oracle.

- Remail to same address

If after contacting the payee, it is determined that the address on the cheque is correct, the instructions to Provincial Treasury will be "Remail to Same Address".

Note: Provincial Treasury will not remail to the same address more than once.

- Remail to new address

If, after contacting the payee, a new address has been obtained, the instructions to Provincial Treasury will be "Remail to New Address". Staple a self-adhesive label typed with the new mailing address (including payee name) to the report and return to TPS.

- Payment cancellation

If the ministry has determined that the payment is no longer valid or required, attach a completed [FIN 358](#) form to the CHQ05 Report and return it to TPS. (Refer to CPPM D.10.2 for additional information on Stop Payment /Replacement process).

- Remail to ministry

A ministry may request TPS to remail a returned cheque payment to the ministry if they determine that the cheque payment requires special handling to deliver the cheque to the payee.

3. Returned Undeliverable – Posted / Added to Unclaimed

If, after 90 calendar days (from the date the cheque was recorded in CHQ and no longer than 6 months from issue date), no action is taken regarding a returned cheque, the returned cheque will be added to the *Provincial Treasury's*

Unclaimed Account. A copy of the *Cheques Posted to Unclaimed Report* is forwarded to the issuing ministry for review and action. If no action is taken by the ministry after 10 calendar days, the cheque is deposited to *Provincial Treasury's Unclaimed Account*.

Note: Once a cheque payment has been added to the unclaimed account, TPS cannot remail the cheque to the supplier or cancel the payment.

- Recovery of Payments added to the Provincial Treasury's Unclaimed Account

Where a ministry determines that the cheque payment is no longer valid or if the ministry is contacted by the supplier after a cheque has been added to *Provincial Treasury's Unclaimed Account*, the ministry can recover the funds by submitting a request by email to [TPS](#). The ministry needs to provide the original cheque payment information and the ministry service line coding.

- Recovery of Provincial Treasury's Account to Consolidate Revenue Fund (CRF)

[Effective September 2006](#), cheque payments that remain unclaimed for a period of 7 fiscal years will be recovered to the CRF. All records for cheque payments recovered to the CRF will be separately and securely maintained to enable future payment enquiries and claims.

D.11 Batch Release

[Core Policy 4.3.3](#)

Batch Release of payment is permitted for high volume transactions from program areas where EA and QR are not recorded electronically, or where legacy systems remain in use.

Ministry batch releasers do not have expense authority, but can be best positioned to ensure efficient and timely payment of transactions on behalf of an EA. The ministry chief financial officer has the responsibility to ensure that the financial control framework is preserved and the use of Batch Approval:

is supported by appropriate procedures and compensating controls;

is restricted to a limited number of users;

will be for business processes that would otherwise require Force Approval or the use of an Administrative EA and will not circumvent iProcurement initiatives;

provides segregation of incompatible duties; and

includes supporting and verifiable EA and QR original documentation.