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# RETENTION OF MONEY BY DEDUCTION OR SET-OFF, AND WRITE OFF OF DEBTS AND OBLIGATIONS

## GENERAL INFORMATION

On occasion, the Yukon Workers' Compensation Health and Safety Board (YWCHSB) purchases goods and services from vendors, service providers, and other entities that owe a debt or obligation to the YWCHSB. By application of this policy the YWCHSB may retain, as a deduction or set-off, the entire amount (or a portion of the entire amount) that would otherwise be paid to the vendor, service provider or other entity, in satisfaction of the debt or obligation owed to the YWCHSB.

There are instances in which the YWCHSB cannot recover a debt or obligation owed to it, in which case the debt or obligation may be written off by application of this policy.

## PURPOSE

This policy clarifies when and how the YWCHSB will retain money by way of deduction or set-off, and when and how the YWCHSB will write off a debt or obligation.

## DEFINITIONS

1. **Debt:** a fixed and certain amount of money, owing and payable either in the present or the future (a debt may be a sum of separate debts).

2. **Deduction:** the act of setting aside the entire amount of a debt or obligation as payment against the debt or obligation.

3. **Doubtful Account:** the amount of money owing to the YWCHSB as a debt or obligation, the recovery of which is considered to be unlikely.

4. **Obligation:** a formal and binding agreement or acknowledgement of a liability to pay a certain amount of money or to do a certain thing.

**5. Set-Off:** the act of setting aside a portion of a debt or obligation as payment against a debt or obligation.

**6. Write-Off:** the deletion from the accounts of the YWCHSB of a debt or obligation (in whole or in part), and results in the suspension of collection of that debt or obligation.

## POLICY STATEMENT

### 1. Retention of Money by Deduction or Set-Off

a) Retention Criteria

The retention of money by deduction or set-off shall not take place under this policy until the YWCHSB is certain that:

(i) the debt or obligation is valid;
(ii) reasonable attempts have been made to arrange a mutually acceptable schedule with the debtor for the payment of the debt or obligation; and
(iii) the debtor has been notified of the debt or obligation by a certified demand letter and 30 days have passed since the letter was sent.

b) Retention of Money

When these three criteria have been met, the YWCHSB may retain, by way of deduction or set-off, the entire amount or a portion of the amount of a debt or obligation owing to the YWCHSB.

When an amount has been retained by way of deduction or set-off pursuant to this policy, the YWCHSB must advise the debtor in writing that the deduction or set-off has been made.

c) Exclusion

This policy does not apply when the debtor has agreed to the deduction or set-off, or when money is payable as compensation under the *Workers' Compensation Act* S.Y. 2008 (the "*Act*").

### 2. Write-Off

If the YWCHSB is satisfied that the recovery of a doubtful account is not cost effective or has been pursued to the full extent of the law without being recovered, the YWCHSB may delete the amount (in whole or in part) from its accounts.

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a) Authorization Limits

The following persons are authorized to write off a doubtful account up to the specified limits:

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|---|---|
| Chief Financial Officer | up to $10,000 |
| President | up to $20,000 |
| Board of Directors | more than $20,000 |

b) Debt or Obligation Not Extinguished

The write-off of all or part of a debt or obligation under this policy does not eliminate the YWCHSB's ability to collect the debt or obligation.

The YWCHSB must maintain a permanent record detailing the amounts that have been written off and the names of the debtors. All new claims and employer registrations must be compared against this record. If the possibility of recovering a debt or obligation that has been written off arises, the amount may be reinstated as an account receivable and collected.

c) Reporting

A debt or obligation that has been written off by the YWCHSB during the year shall be reported to the Board of Directors in the accounts for that year.

## APPLICATION

This policy does not apply to the recovery of an overpayment of compensation benefits, which is dealt with by YWCHSB policy, "Recovery of Overpaid Compensation".

A fine or penalty imposed or authorized by the *Act* or the *Occupational Health and Safety Act* cannot be written off under this policy.

## *ACT* REFERENCES

Sections 83 and 94

Section 35 of the *Financial Administration Act* authorizes the Yukon Government to retain money by way of set-off from any money payable to a person by the government in satisfaction of a debt or obligation owed to the government. Section

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14 of the *Financial Administration Act* authorizes the Yukon Government to write off all or part of a debt or obligation that is owed to the government and is considered to be uncollectible.

*Occupational Health and Safety Act*, s. 47

## POLICY REFERENCES

EL-04, "Recovery of Overpaid Compensation"
EN-02, "Merits and Justice of the Case"

## HISTORY

FN-08, "Retention of Money By Deduction or Set-off and Write Off of Debts and Obligations", effective October 1, 1996, amended March 8, 2005, revoked July 1, 2008.
FN-10, "Retention of Money by Deduction of Set-Off", effective October 15, 1996, revoked March 8, 2005.

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