Company Name: ____________________
SupplyGrid Document · Corporate Policy & Procedure

Created By: ____________________
Verified By: ____________________
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Deposit and Payment Terms Enforcement Policy

1.0 Objective & Intent

This policy establishes mandatory deposit and payment term enforcement procedures to protect the company's cash flow, reduce accounts receivable aging beyond 30 days, and minimize the financial risk of custom-order cancellations or non-payment. By requiring upfront deposits on all custom and made-to-order cabinet and millwork projects, the company secures material procurement costs and ensures that working capital is not tied up in uncollected invoices. Strict adherence to payment milestones directly impacts the company's ability to meet vendor payment terms, maintain credit lines, and avoid costly financing charges.

2.0 Operational Scope

This policy applies to all new customer orders, including custom cabinetry, millwork, countertops, and specialty fabrication, processed through the Sales, Project Management, and Accounting departments. It covers all transaction types: retail direct sales, contractor/ builder accounts, commercial projects, and any recurring service agreements. Exceptions for government or institutional contracts with alternative payment schedules must be approved in writing by the Corporate Controller.

3.0 Compliance & Data Security

> All customer payment data, including credit card numbers, bank account details, and deposit records, must be stored and processed in compliance with PIPEDA and PCI DSS standards. Access to payment records is restricted to authorized Accounting personnel only. Payment terms and deposit amounts must be clearly documented in the customer contract and ERP system before any production work begins. Any deviation from the standard deposit schedule (50% deposit on orders under $10,000, 30% on orders over $10,000) requires written approval from the Operations Manager. Internal audits will be conducted quarterly to verify that deposit collection rates meet the 95% compliance target.

4.0 Required Software & Administrative Tools

- Sage 300 (or equivalent ERP) for order entry, invoicing, and accounts receivable management
- QuickBooks Online for deposit recording and payment reconciliation
- Customer Relationship Management (CRM) module within ERP for tracking payment milestones
- Microsoft Excel for weekly AR aging reports
- Secure payment gateway (e.g., Moneris or Stripe) for credit card deposits
- DocuSign or equivalent for digital contract execution with embedded payment terms

5.0 Step-by-Step Administrative Workflow

1. Sales Representative enters the new order into the ERP system with the correct customer profile and project value.
2. System automatically calculates the required deposit percentage (50% for orders under $10,000, 30% for orders over $10,000) and generates a deposit invoice.

3. Sales Representative sends the deposit invoice and contract (with payment terms clearly stated) to the customer via DocuSign within 1 business day of order entry.
4. Customer must execute the contract and remit the deposit payment within 5 business days. Payment options include credit card (via secure link), wire transfer, or certified cheque.
5. Accounting verifies deposit receipt within 24 hours and marks the order as 'Deposit Paid' in the ERP system, which releases the order to production scheduling.
6. For orders over $25,000, a second milestone payment of 30% is due upon material procurement completion (typically 2 weeks before delivery). Accounting sends a milestone invoice and follows up with a phone call if unpaid within 3 business days.
7. Final payment (balance due) must be received in full before the product is loaded for delivery. No shipment release is authorized without confirmation of final payment from Accounting.
8. If a deposit is not received within 10 business days, the Sales Representative issues a written reminder; if unpaid after 15 business days, the order is automatically cancelled and a restocking fee of 15% of the order value is applied to the customer's account.
9. For contractor accounts with net-30 terms, a credit application and personal guarantee must be on file. Any invoice past 45 days triggers a hold on all future orders and a formal demand letter from the Corporate Controller.
10. Monthly, the Accounting department generates an AR aging report and reviews all accounts over 60 days with the Operations Manager to determine escalation to a third-party collection agency.