

CITY OF HAMILTON

CORPORATE SERVICES
City Clerk's Division

TO: Chair and Members Audit, Finance & Administration Committee	WARD(S) AFFECTED: CITY WIDE
COMMITTEE DATE: September 10, 2012	
SUBJECT/REPORT NO: Proposed Write-offs of Outstanding Fines for Provincial Offences (FCS12059) (City Wide)	
SUBMITTED BY: Roberto Rossini General Manager Finance & Corporate Services Department	PREPARED BY: Wendy Mason x5718 Lynn Matthews x6287
SIGNATURE:	

RECOMMENDATION

That staff be authorized to write-off all outstanding Provincial Offences deemed uncollectible with a due of December 31, 2004.

EXECUTIVE SUMMARY

It is appropriate and necessary to review and purge all revenue deemed uncollectible from the Integrated Court Offence Network (ICON) on an annual basis. ICON is the Provincially mandated database that the Provincial Offences Office is required to use as per the transfer agreement between the Province of Ontario and the City of Hamilton.

Alternatives for Consideration – See Page 3

FINANCIAL / STAFFING / LEGAL IMPLICATIONS (for Recommendation(s) only)

Financial: As POA works on a cash basis for accounting purposes, these amounts are not true outstanding accounts receivables on the City books. Accordingly, there is no budgetary/financial impact on the City.

Staffing: The writing-off of these assets will have no impact on staffing.

Legal: If approved by Council, staff will advise the Ministry of the Attorney General of this recommendation and request that they be authorized to purge these records from the Ministry database (ICON).

HISTORICAL BACKGROUND (Chronology of events)

There are currently outstanding files that do not meet our criteria to be secured by a Certificate of Default in Civil Court therefore, negating the possibility of further enforcement means. An offender must have a minimum balance owing of \$5,000 and own property within the City of Hamilton before a certificate of default is filed. These files are seven years old or more and are now deemed uncollectible in terms of available remedies, and therefore, should be written-off. As of December 31, 2011, the total outstanding receivables for the Provincial Offences Office were \$51,377,580.

The Provincial Offences Office has an internal collections section and utilizes two external collection agencies for outstanding fines. Internal collections were responsible for 27% and external collection agencies were responsible for 8% of the total POA revenues generated in 2011. Internal collections totalled \$2,874,044 and the external collection agencies collected \$828,829. Internal collections increased revenues collected by approximately \$218,418 over 2010 and the external collection agencies combined collected \$119,809 less revenue in 2011 than they collected in 2010. A request for proposal for collection agency services has resulted in one returning agency and one new agency. The Provincial Offences Office is hopeful that we will see increased fine revenue recovery as a result.

The Collection Agency By-Law (08-180) that permits recovery of the fees from the defendant had an extremely high rate of success in 2011, generating recovery of \$150,255.

POLICY IMPLICATIONS

The above recommendation is in compliance with existing corporate, Provincial policies, procedures and standard accounting practices respecting the writing-off of uncollectible monies.

RELEVANT CONSULTATION

N/A

ANALYSIS / RATIONALE FOR RECOMMENDATION

(include Performance Measurement/Benchmarking Data, if applicable)

Staff anticipates the amount of the write-offs to be \$ 1,056,464.94 in uncollectible fines with a due date of December 31, 2004 and prior, deceased person files and underpayments. This amount includes the Victim Fine Surcharge which is payable to the Province of Ontario.

Write-off reports have been completed on an annual basis, by the Provincial Offences Office since 2004. All offences filed in the Provincial Offences Office are pursued by way of enforcement if they are not paid by their due date. Enforcement includes suspension of a driver's licence; denial of licence plate renewal, referral to our external collection agency, and civil enforcement. Outstanding fines are tracked, through our collections database, wherein chronic offenders can be identified, based upon criteria that anyone with more than three offences in a five year period is classified as chronic. Files that have been written-off remain in the collection database with the status of written-off.

The approval to write-off these fines will reduce the accounts receivables owing to the City of Hamilton and allow our collection staff to concentrate their efforts in pursuing more recent fines for which there is a higher probable rate of collection. After writing-off the proposed amount of \$1,056,464, the remaining accounts receivables will be approximately \$50,321,116.

ALTERNATIVES FOR CONSIDERATION

(include Financial, Staffing, Legal and Policy Implications and pros and cons for each alternative)

A record is maintained of all write-offs, for future reference, if required. In view of the fact that amounts to be written-off are deemed uncollectible, it would not be cost effective to continue collection efforts that would yield little or no return.

The Ministry of the Attorney General has issued a directive to all POA offices in the Province to establish and maintain write-off policies and procedures.

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CORPORATE STRATEGIC PLAN (Linkage to Desired End Results)

Focus Areas: 1. Skilled, Innovative and Respectful Organization, 2. Financial Sustainability,
3. Intergovernmental Relationships, 4. Growing Our Economy, 5. Social Development,
6. Environmental Stewardship, 7. Healthy Community

Financial Sustainability

- ◆ Financially Sustainable City by 2020

APPENDICES / SCHEDULES

Appendix "A" to Report FCS12059 – Write-Off Summary Spreadsheet

Provincial Offences Write-Offs
July 5, 2012

2004 Write-Offs Summary

	Files	Dollars
Uncollectable	2584	\$ 794,102.00
Deceased Persons	147	\$ 198,053.32
Under Payments	803	\$ 64,309.62
Total	3534	\$ 1,056,464.94

Write-Offs Over Last Five Years

Write Off Year	Dollars
2008*	\$ 2,966,668
2009	\$ 1,468,949
2010	\$ 564,740
2011	\$ 976,874
July 5, 2012	\$ 1,056,465

* two year write off.