



CITY OF HAMILTON
CITY MANAGER'S OFFICE
Office of the City Clerk

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	May 9, 2016
SUBJECT/REPORT NO:	Proposed Write-offs of Outstanding Fines for Provincial Offences (CL16006) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Wendy Mason, Manager Provincial Offences 905 546-2424 Ext. 5718
SUBMITTED BY:	Rose Caterini City Clerk
SIGNATURE:	

RECOMMENDATION:

That staff be authorized to write-off the following outstanding Provincial Offences deemed uncollectible, in the total amount of \$1,541,754.55

- (i) \$1,490,591.04 in uncollectible fines with a due date of December 31, 2008 and prior;
- (ii) \$51,163.51 for underpayments from July 1, 2014 to March 31, 2016

EXECUTIVE SUMMARY:

It is appropriate and necessary to review and purge all revenue deemed uncollectible from the Integrated Courts 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.

In previous write-off reports, deceased persons have been reported as part of the write-off amount. Due to timing changes in the way the Ministry of the Attorney General captures the write-off data, and due to the fact that deceased persons is an unknown variable, there are no deceased persons to be reported for write-off in this year. A council approved write-off code in ICON is not required to purge the deceased person files. Therefore, files purged as deceased persons will be reported to council in our Annual Report as an information item rather than a part of the write-off report.

Alternatives for Consideration – See Page 3 or Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS (for recommendation(s) only)

Financial: As POA works on a cash basis for accounting purposes, these amounts are not true account 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 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, 2015, the total outstanding receivables for the Provincial Offences Office were \$61,636,843

The Provincial Offences Office has an internal collections section and utilizes two external collection agencies for outstanding fines. Internal collections were responsible for \$3,857,669.75 in revenue generated in 2015 and the external collection agencies collected \$1,649,974.14 on our behalf.

The collection agency request for proposal was awarded in 2012 and resulted in one new agency being brought on board, and the retention of one agency from the previous contract. The first placement agency collected \$939,094.82 on behalf of Hamilton POA and the second placement agency collected \$710,879.32.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS:

The above recommendation is in compliance with existing corporate, provincial policies, procedures and standard accounting practises respecting the writing-off of uncollectible monies. The write-off procedure, which is followed by POA, is attached as Appendix “A” to report CL16006.

RELEVANT CONSULTATION:

N/A

**ANALYSIS AND RATIONAL FOR RECOMMENDATION
(Include Performance Measurement/Benchmarking Data if applicable)**

Staff anticipate the amount of the write-offs to be \$1,490,591.04 in uncollectible fines with a due date of December 31, 2008 and prior, and underpayments \$51,163.51 from July 1, 2014 through March 31, 2016. The total amount of \$1,541,754.55 includes the Victim Fine Surcharge which is payable to the Province of Ontario. The Proposed Write-offs are attached as Appendix "B" to report CL16006.

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 \$1,541,754.55 the remaining accounts receivables will be approximately \$60,095,088.45

**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.

ALIGNMENT TO THE 2012 – 2015 STRATEGIC PLAN

Strategic Priority #2

Valued & Sustainable Services

WE deliver high quality services that meet citizen needs and expectations, in a cost effective and responsible manner.

Strategic Objective

- 2.1 Implement processes to improve services, leverage technology and validate cost effectiveness and efficiencies across the Corporation.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” – POA Write-off Procedure

Appendix “B” – POA Proposed Write-offs