



**CITY OF HAMILTON**  
**CORPORATE SERVICES DEPARTMENT**  
*Customer Service Division*

<b>TO:</b>	Chair and Members Audit, Finance and Administration Committee
<b>COMMITTEE DATE:</b>	May 8, 2017
<b>SUBJECT/REPORT NO:</b>	Proposed Write-offs of Outstanding Fines for Provincial Offences (FCS17050) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Wendy Mason (905) 546-2424 Ext. 5718
<b>SUBMITTED BY:</b>	Cindy Mercanti Director, Customer Service Corporate Services Department
<b>SIGNATURE:</b>	

**RECOMMENDATION**

That staff be authorized to write-off the following outstanding Provincial Offences fines deemed uncollectible, in the total amount of \$704,173:

- (a) \$675,873 in uncollectible fines with a due date of December 31, 2009 and prior;
- (b) \$28,300 for underpayments from April 1, 2016 to March 31, 2017.

**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 (POA) is required to use as per the transfer agreement between the Province of Ontario and the City of Hamilton.

A Council approved write-off code in ICON is not required to purge a deceased person's fines. Therefore, fines 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.***

## **FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

**Financial:** As POA works on a cash basis for accounting purposes, these amounts are not true 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**

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, 2016, the total outstanding receivables for the Provincial Offences Office were \$61,853,753.

The Provincial Offences Office has an internal collections section and utilizes two external collection agencies for outstanding fines. Internal collections were responsible for \$4,084,775 in revenue generated in 2016 and the external collection agencies collected \$1,593,033 on our behalf.

The most recent collection agency contract expired in 2015 and a request was made to piggyback onto the contract / RFP for OECM (Ontario Education Collaborative Marketplace) which is a collaborative purchasing group. First and second placements were awarded in 2016. The first placement agency collected \$1,110,764 on behalf of the City of Hamilton POA and the second placement agency collected \$482,269.

## **POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

The above recommendation is in compliance with existing corporate, provincial policies, procedures and standard accounting practices respecting the write-off of uncollectible monies. The write-off procedure, which is followed by POA, is attached at Appendix “A” to Report FCS17050.

## **RELEVANT CONSULTATION**

Municipal Law Enforcement decided not to write-off any by-law fines until they can determine which specific enforcement sections of MLEO are impacted and need to provide approval.

## **ANALYSIS AND RATIONALE FOR RECOMMENDATION**

Staff anticipates the amount of the write-offs to be \$675,873 in uncollectible fines with a due date of December 31, 2009 and prior and underpayments of \$28,300 from April 1, 2016 through March 31, 2017. The total amount of \$704,173 includes the Victim Fine Surcharge which is payable to the Province of Ontario. The Proposed Write-offs are attached as Appendix “B” to Report FCS17050.

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 \$704,173 the remaining accounts receivables will be approximately \$61,149,581.

## **ALTERNATIVES FOR CONSIDERATION**

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 2016 – 2025 STRATEGIC PLAN**

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*Hamiltonians have a high level of trust and confidence in their City government.*

**APPENDICES AND SCHEDULES ATTACHED**

Appendix “A” – POA Write-off Procedure

Appendix “B” – POA Proposed Write-offs

WM/dt