



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

<b>TO:</b>	Chair Members Audit, Finance and Administration Committee
<b>COMMITTEE DATE:</b>	May 7, 2018
<b>SUBJECT/REPORT NO:</b>	Proposed Write-offs of Outstanding Fines for Provincial Offences (FCS18046) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Wendy Mason (905) 546-2424 Ext. 5718 Lynn Geci (905) 546-2424 Ext. 6287
<b>SUBMITTED BY:</b>	Cindy Mercanti Director, Customer Service and POA Corporate Services Department
<b>SIGNATURE:</b>	

## **RECOMMENDATIONS**

That staff be authorized to write-off the following outstanding Provincial Offences fines deemed uncollectible, in the total amount of \$1,200,568:

- (a) \$1,176,780 in uncollectible fines with a sentence date of December 31, 2010 and prior;
- (b) \$23,788 in underpayments from April 1, 2017 through March 31, 2018.

## **EXECUTIVE SUMMARY**

In accordance with the Provincial Offences Administration (POA) Write-off Procedure and the Memorandum of Understanding, POA is requesting that 5,870 records amounting to \$1,200,568 be written off. Fines are written off based on the age of the accounts receivable and ability to collect. Files which are seven years or older are identified for write-off consideration. If a fine is written off it does not absolve a convicted offender from the requirement to pay the fine, as debts to the Crown are not forgiven.

Reasons that accounts become uncollectible include debtor cannot be located and bankruptcy or business closure.

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*OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.*

*OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.*

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.

***Alternatives for Consideration – See Page 3***

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

Financial: Accounts Receivable write-offs are reflected as a decrease in Accounts Receivable and an increase in Bad Debt.

Staffing: None

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**

POA utilizes several collection methods to secure the payment of outstanding accounts receivables. Methods include the use of an internal collection team, external collection agencies, tax rolling, garnishment and writs. The collectability of the receivable is reduced as more time passes. The longer the debt has been owed, the less likely POA is to collect.

In 2017, the Province introduced legislation to improve collection efforts (inability to renew plates and drivers' licenses for driving-based offences) which has helped encourage payment. However, there is an opportunity to further enhance collection performance.

Staff was responsible for collecting \$4,118,843 and the external agencies collected \$1,763,322 in 2017. This represents an increase in overall collections of \$234,038 over 2016 performance.

After write-offs, the year-end balance of outstanding accounts receivables totalled \$64,740,574. Outstanding accounts receivables include new charges (convicted fines) plus defaulted fines.

## **IMPLICATIONS AND LEGISLATED REQUIREMENTS**

The recommendation is in compliance with existing corporate and provincial policies and procedures as well as aligns with standard accounting practices respecting the write-off of uncollectible monies.

## **RELEVANT CONSULTATION**

Internal stakeholders consulted include staff in the departments of Corporate Services and Planning and Economic Development

## **ANALYSIS AND RATIONALE FOR RECOMMENDATIONS**

Staff anticipates the amount of the write-offs to be \$1,176,780 in uncollectible fines with a due date of December 31, 2010 and prior and underpayments (pay less than is due) of \$23,788 from April 1, 2016 through March 31, 2017. The total amount of \$1,200,568 includes the Victim Fine Surcharge which is payable to the Province of Ontario.

All offences filed with POA are pursued by way of enforcement if they are not paid by the due date. Enforcement includes suspension of a driver's licence, denial of licence plate renewal, referral to our external collection agencies 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 one-year period is classified as chronic.

The approval to write off these fines will reduce the accounts receivables owing to the City and allow our internal collection team 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 \$1,200,568, the remaining outstanding accounts receivables balance will be approximately \$64,740,574.

POA is requesting that 5,870 records amounting to \$1,200,568 be written off. Fines are written off based on the age of the accounts receivable and ability to collect. If a fine is written off, it does not absolve a convicted offender from the requirement to pay the fine, as debts to the Crown are not forgiven.

### **Write Off History**

	<b># of Files</b>	<b>\$ Written Off</b>	<b>Year End Outstanding Balance</b>
2014	2,575	\$413,742	\$55,694,977
2015	0	\$0	\$59,225,747
2016	3,924	\$1,541,755	\$61,636,843
2017	5,870	\$1,200,568	\$64,740,574

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## **ALTERNATIVES FOR CONSIDERATION**

A record is maintained of all write-offs for future reference. 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**

### **Our People and Performance**

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

## **APPENDICES AND SCHEDULES ATTACHED**

None

WM/LG/dt