Audit and Administration Committee
REPORT 07-006
9:30 a.m.
Wednesday, April 18, 2007
Council Chambers
Hamilton City Hall
71 Main Street West, Hamilton

Present:  Chair C. Collins
Vice-Chair M. Pearson
Councillors B. Bratina, B. Clark, B. Morelli, R. Powers,

Absent with Regrets:  Councillor T. Whitehead

Also Present:  J. Rinaldo, General Manager, Finance & Corporate Services
J. A. Priel, General Manager, Community and Social Services
B. Murray, General Manager, Customer Service, Horizon Utilities
C. Biggs, City Clerk’s

THE AUDIT AND ADMINISTRATION COMMITTEE PRESENTS REPORT 07-006 AND RESPECTFULLY RECOMMENDS:

1. Advisory Committee on Immigrants & Refugees Minutes of their meeting held on January 11, 2007 (FOR INFORMATION PURPOSES ONLY) (Item 5.1)

That the January 11, 2007 minutes of the Advisory Committee on Immigrants and Refugees, be received.

2. Hamilton Mundialization Executive Committee Minutes of their meeting held on January 24, 2007 (FOR INFORMATION PURPOSES ONLY) (Item 5.2)

That the January 24, 2007 minutes of the Hamilton Mundialization Executive Committee, be received.

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3. Committee Against Racism Minutes of their meeting held on February 27, 2007 (FOR INFORMATION PURPOSES ONLY) (Item 5.3)

That the February 27, 2007 minutes of the Committee Against Racism, be received.

4. Monthly Status Report of Tenders and Requests for Proposals for February 23, 2007 to March 22, 2007 (FCS07030(a)) (Item 5.4)


5. Apportionment of Taxes for Properties in Stoney Creek (FCS07001(c)) (Wards 9 & 11) (Item 5.5)

(a) That the 2006 land taxes for Wentworth Condo Plan 395 levied against Roll #2518 003 650 52330 (242 Upper Mount Albion, Stoney Creek), be apportioned in the amount of $18,149.60 and split amongst the forty-three newly created parcels as set out in Appendix A to report FCS07001(c); and

(b) That the 2004 land taxes for Roll #2518 003 010 03557 (232 Springstead Ave., Stoney Creek), be apportioned in the amount of $1,917.85 and split amongst the five newly created parcels as set out in Appendix A to report FCS07001(c).

7. Accounts Receivable Write Off Policy Update (FCS07048) (City Wide) (Item 8.1)

That the revised Accounts Receivable Write Off Policy attached hereto as Appendix ‘A’, be approved.

8. Award of Tender C12-08-07 Maintenance Services for Natural Gas Compressor Stations for Central and Transit Fleet Services (FCS07049) (Item 8.2)

That Corporate Tender C12-08-07 for the Maintenance Services for Natural Gas Compressor Stations for Central and Transit Fleet Services be awarded to the following vendor, in accordance with the terms and conditions of the tender, as follows:

- M.C.I. Inc. with an estimated annual cost of $300,000.00.
9. Federal Transit and Affordable Housing Grant Allocations (FCS07050) (City Wide) (Item 8.3)

(a) That the one-time unconditional Federal Public Transit Capital Funds that are flowing through the Province of Ontario in the amount of $11,147,927.39 be deposited to a new reserve - 108045 Federal Public Transit Funds;

(b) That the one-time unconditional Federal Affordable Housing Funds that are flowing through the Province of Ontario in the estimated amount of $6,580,000 be deposited to a new reserve - 112239 Federal Housing Initiatives.

10. Grants Sub-Committee Report 07-002 (Item 8.4)

(a) Fee Waiver Request for Girl Guides of Canada – Hamilton Escarpment (GRA07001(i)) (Ward 9)

That the fee waiver request, in the amount of $583.50, for the Girl Guides of Canada – Hamilton Escarpment Area to utilize the meeting room and pools at the Valley Park Recreation Complex, for their Brownie Splash Swim Program on Sunday, April 29, 2007, be approved.

(b) Fee Waiver Request - Binbrook Little Theatre (GRA07001(j)) (Ward 11)

That the fee waiver request, in the amount of $288.25, for the Binbrook Little Theatre, who utilized the lower level of the Binbrook Memorial Hall on November 18 & 19, 2006, to conduct a silent auction and variety show fundraising event, be approved.

(c) Fee Waiver Request for Royal Hamilton Light Infantry (GRA07001(k)) (City Wide)

That the fee waiver request, in the amount of $325.00, for the Royal Hamilton Light Infantry (RHLI) to conduct their Military Drill Exercises at Mohawk Sports Park and various east mountain parks, during November 23-24, 2006, be approved.

(d) Industry Education Council of Hamilton

(i) That the request for funding in the amount of $25,000, made by the Industry Education Council of Hamilton, be received;
(ii) That the request for funding in the amount of $25,000, made by the Industry Education Council of Hamilton, be referred to Committee of the Whole for consideration;

(iii) That a representative, from the Industry Education Council of Hamilton, be invited to attend the appropriate Committee of the Whole Committee meeting to speak, as a delegation, respecting their request for funding.

FOR THE INFORMATION OF THE COMMITTEE:

(a) CHANGES TO THE AGENDA (Item 1)

The Clerk advised of the following changes:

Added Item 8.4 – Report 07-002 of the Grants Sub-Committee – April 12, 2007

That the agenda was approved, as amended.

(b) DECLARATIONS OF INTEREST (Item 2)

None.

(c) APPROVAL OF MINUTES (Item 3)

On motion, the Minutes of the April 4, 2007 meeting of the Corporate Administration Committee were received and adopted as presented.

(d) WATER AND WASTEWATER ARREARS POLICY (FCS07053) (City Wide) (Item 7.1)

Joe Rinaldo gave a power point presentation outlining the current policy with respect to water and wastewater arrears policy which is administered by Horizon Utilities Corporation (HUC) on behalf of the City of Hamilton, and the proposed changes to be made to the policy.

John Savoia, Senior Financial Analyst, Policy and Projects, and Brent Murray, General Manager, Customer Service, Horizon Utilities Corporation, were in attendance to respond to questions of the Committee.

On motion, Report FCS07053 respecting the Water and Wastewater Arrears Policy, was received.

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Staff was directed to review and prepare the appropriate amendments to the existing water and wastewater arrears policy to re-instate the “Authorization Agreement to Bill Tenant”, such amendments to be brought back to the Committee for consideration.

(d) GENERAL INFORMATION/OTHER BUSINESS (Item 11)

11.1 Outstanding Business Items:

(a) Outstanding Business Item G.1
Re: Ombudsman of Ontario – MPAC Review
Due Date: March 21, 2007 - Presentation was made by MPAC at the March 26, 2007 COW meeting
Recommendation: Remove off the O/S Business List

On motion, the above-noted item was removed from the Outstanding Business List of the Audit and Administration Committee.

(b) Outstanding Business Item G.2
Re: Update on Province Wide Assessment for 2006 and 2007 (MPAC) Due Date: March 21, 2007 - Presentation was made by MPAC at the March 26, 2007 COW meeting
Recommendation: Remove off O/S Business List

On motion, the above-noted item was removed from the Outstanding Business List of the Audit and Administration Committee.

There being no further business, the Committee adjourned at 9:45 a.m.

Respectfully submitted

Councillor C. Collins
Chair
Audit and Administration Committee

Carolyn Biggs
Legislative Assistant
April 18, 2007
POLICY

The purpose of this policy is to set authorization levels and standard guidelines to write off uncollectible 1) Accounts Receivable Invoices and 2) Accumulated Interest Balances.

1) Accounts Receivable Invoice Write Off:

Collection procedures will be managed through the use of an Aged Trial Balance produced by the corporate Financial System. Invoices will be written off once the approver has been satisfied that all reasonable collection efforts have been exhausted or it has been determined that the cost to the corporation to collect the debt exceeds the value of the debt.

The Accounts Receivable Section will follow standard procedures as outlined in the “Accounts Receivable Collection and Write off Procedures” to attempt to collect outstanding invoice balances. These procedures include but are not limited to mailing written non-payment reminders, verbal requests, negotiate revised payment terms, cross reference to the AP system, draw on security held, recovery through the tax system, legal action and use of a Collection Agency.

Once satisfied that all avenues of collection have been exhausted, authorization to write off Accounts Receivable is as follows:

- $00.01 - $500.00 Director, Financial Services or designate
- $500.01 - $1,000.00 General Manager, Finance & Corporate Services or designate
- > $1,000.00 City Council Approval

Once approval is obtained, the originating department will be informed and the appropriate journal entries and the invoice/invoices will be removed from the Aged Trial Balance.

A Council Report will be prepared semi-annually to obtain approval for items >$1,000 and summarizing all other AR write offs.

Information regarding written off accounts will be retained by AR for 7 years in order to be referred to if future collection situations arise.
2) Accounts Receivable Write Off of Finance Charges:

Finance charges are applied monthly to overdue invoices. Interest is accumulated at a rate of prime plus 2% from the invoice due date. Periodically situations occur that create a rationale to write off the accrued interest. The Accounts Receivable Interest Write Off Procedure will be followed when finance charges are written off. Authorization levels dictated by this Policy will be adhered to.

There are many reasons for writing off finance charges. Occasionally payments are misapplied, or there is a timing difference between when payments are received and when they are applied to the account. Credit notes or reversal of charges can be issued after interest has started to accumulate. These situations affect the interest calculation and are beyond the control of the customer. For situations beyond the control of the customer, Accounts Receivable staff has been given higher write off limits in order to provide the customer timely interest corrections. When the interest has been deemed to be uncollectible, or an interest reduction/write off is used as a negotiation tool to help collect account balances, higher levels of write off approvals have been established.

Authorization to write off accumulated finance charges is as follows:

- $00.01 - $20.00 Accounts Receivable Staff
- $20.01 - $500.00 (Customer not at fault) Accounts Receivable Supervisor
- $20.01 - $500.00 (Customer at fault) Director of Financial Services
- $500.01 - $1,000.00 General Manager, Finance & Corporate Services or designate
- > $1,000.00 City Council Approval

A Council report will be prepared as required when staff needs Council Approval of a recommendation to write off an interest amount.

The Supervisor of Accounts Receivable has the authority to suspend interest being charged against invoices of upper levels of Government and customers whose invoices are in dispute.