Audit and Administration Committee
REPORT 09-011
AS AMENDED BY COUNCIL ON JUNE 24, 2009
9:30 a.m.
Wednesday, June 17, 2009
Committee Room 207
Hamilton Convention Centre
One Summer’s Lane

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

Absent with Regrets:
Councillor T. Whitehead (City Business)

Also Present:
C. Murray, City Manager
R. Rossini, General Manager; T. Tollis, Treasurer; Gerry Boychuk, Chief Investment Officer; Mike Zegarac, Acting Director of Budgets and Finance; J. Spiler, Manager of Capital Budgets; W. Thompson, Senior Financial Analyst – Finance and Corporate Services
P. Barkwell, City Solicitor; Don Fisher, Assistant City Solicitor; Steve Dickson, Solicitor – Legal Services
L. Fontana, Director of Employee and Labour Relations – Human Resources
N. Schleehahn, Manager of Business Development – Economic Development and Planning
M. Meyer, Legislative Assistant – City Clerk’s Office

THE AUDIT AND ADMINISTRATION COMMITTEE PRESENTS REPORT 09-011 AND RESPECTFULLY RECOMMENDS:

1. 2008 Annual Report on Commodity Price Hedging (FCS09063) (City Wide) (Item 5.1)


Council – June 24, 2009
2. **Tax Appeals under Section 357 and 358 of the Municipal Act, 2001 (FCS09006(c)) (City Wide) (Item 5.2)**

(a) That the tax write-offs processed under Section 357 of the Municipal Act, 2001, in the amount of $51,719 be approved as set out in Appendix A, attached hereto; and

(b) That the tax appeals due to a gross or manifest clerical error, pursuant to Section 358 of the Municipal Act, 2001, in the amount of $5,046 be approved as set out in Appendix B, attached hereto.

3. **Hamilton Street Railway (HSR) Account Write Off Policy and Procedure (FCS09054/PW09047) (Item 8.1)**

That Council approve the Hamilton Street Railway (HSR) Account Write Off Policy and Procedure, attached hereto as Appendix “C”.

4. **Hamilton Street Railway (HSR) Vendor Account Write Offs (FCS09055/PW09048) (City Wide) (Item 8.2)**

That the General Manager, Public Works, be authorized to write off uncollectible accounts relating to vendors of the Hamilton Street Railway (HSR) bus passes and tickets in the amount of $84,086.33, to be funded from Account #23106-006100, Tickets in Public Hands.

5. **Bell Mobility Corporate Cellular Agreement Extension (FCS09059) (City Wide) (Item 8.4)**

(a) That the existing agreement with Bell Mobility for Cellular services be extended until May 31, 2010 while an RFP is being prepared with a June 1, 2010 contract commencement date.

(b) That City of Hamilton cellular requirements be met only by the existing vendors that are providing cellular services to the City until a new contract is awarded.

6. **Treasurer’s Report 2008 Fiscal Year by Hewitt Associates (FCS09062) (City Wide) (Item 8.5)**

(a) That report FCS09062 “Treasurer’s Report 2008 Fiscal Year by Hewitt Associates” be received.

(b) That report FCS09062 “Treasurer’s Report 2008 Fiscal Year by Hewitt Associates” be forwarded to the Hamilton Future Fund Committee.

*Council – June 24, 2009*
7. **Cash Handling Review Final Update (FCS07093(b)) (City Wide) (Item 8.6)**

That report FCS07093b respecting the Cash Handling Review Final Update, be received.

8. **Negotiation of Agreement with Manulife Financial, Insurance Provider for City of Hamilton (HUR09011) (City Wide) (Item 8.7)**

(a) That the City of Hamilton negotiate a 5 year agreement with Manulife Financial for the provision of Extended Healthcare and Dental Insurance, Group Life Insurance and Long-Term Disability Benefits, effective September 1, 2009, with the provision for cancellation on thirty-one days notice.

(b) That the Executive Director of Human Resources and General Manager of Finance and Corporate Services, or their designates, be authorized to negotiate an agreement with Manulife Financial, in a form satisfactory to the City Solicitor, for the provision of benefits coverage to City staff.

9. **2009 City of Hamilton Development Charge By-laws Update – Development Charge Impact on Industrial and Commercial Development (FCS09060)(a)) (City Wide) (Added Item 8.8(a))**

That the following information relating to the impact of non-residential Development Charge rates regarding industrial and commercial development activity be received:

(a) Comparative Tables providing total development cost information, as well as, DC rates.

(b) Factors impacting industrial and commercial development investment.

(c) Two external reports (to be distributed to all Councillors and DC Stakeholders under separate cover):
   i. C.N. Watson’s “Development Charge Impact Policy Paper” (authored 2007); and
10. **Recommendations (b) and (c) of 2009 City of Hamilton Water and Wastewater Development Charges Bylaw (2-year Term) and Development Charges By-law for all other Growth Services (5-year Term) (FCS09060) (City Wide) (Referred by Council at its meeting on June 10, 2009) (Added Item 8.8(b))**

(a) That recommendations (b) and (c) of Report FCS09060 respecting the 2009 City of Hamilton Water and Wastewater Development Charges Bylaw (2-year Term) and Development Charges By-law for all other Growth Services (5-year Term), which were referred back to the Audit and Administration Committee by Council at its meeting on June 10, 2009, be approved as follows:

(b) That the industrial development charge rate be set at $6.65 per sq ft (the wastewater service component) effective July 6, 2009.

(c) That the non-residential development charge rate for new commercial, institutional and office developments be set as per the following, effective July 6, 2009:

1. For developments up to 5,000 sq. ft. at 50% of the rate in effect ($9.69 sq.ft.).
2. For developments, 5,001 to 10,000 sq. ft. at 75% of the rate in effect ($14.53 sq.ft.).
3. For developments 10,001 sq. ft. and greater at 100% of the rate in effect ($19.37 sq.ft.).

(b) That Item 4 of Audit and Administration Committee Report 09-010 which was approved by Council on June 10, 2009 be amended accordingly to reflect Council’s direction on this matter.

11. **Asset Backed Commercial Paper - Civil Litigation (City Wide) (FCS09066/LS09006) (Item 12.1)**

(a) That law firm of Juroviesky & Ricci LLP and its expert Ms. Diane Urquhart be retained on behalf of the City of Hamilton to commence and carry out the contemplated litigation described in Report FCS09066/LS09006;

(b) That litigation costs of the proceedings described in Report FCS09066/LS09006 be funded from the Investments Section of the Budgets and Finance Division (332010); and

(c) That Report FCS09066/LS09006 remain confidential.
FOR THE INFORMATION OF COUNCIL:

(a) CHANGES TO THE AGENDA (Item 1)

The Clerk advised of the following changes to the agenda:

Added delegation request from Fred Losani, Losani Homes, respecting Item 8.8.

Added delegation request from Steve Stipsits, Branthaven Homes, respecting Item 8.8.

Added as Item 8.8(a) is Report FCS09060(a) respecting the 2009 City of Hamilton Development Charge By-Laws Update – Development Charge Impact on Industrial and Commercial Development.

Added as Item 8.8(b) are recommendations (b) and (c) of Report FCS09060 respecting the 2009 City of Hamilton Water and Wastewater Development Charges Bylaw and Development Charges By-law for all other Growth Services, which was referred by Council at its meeting on June 10, 2009.

Added as Item 12.1 is a Private and Confidential report containing subject matter pertaining to solicitor-client privilege.

Added as Item 12.2 is a Private and Confidential update respecting a personnel issue.

On a motion, the Rules of Order were waived to allow the delegations.

On a motion, the agenda was approved as amended.

(b) DECLARATIONS OF INTEREST (Item 2)

There were no declarations of interest.

(c) MINUTES (Item 3)

(i) Minutes of the meeting held on June 4, 2009 (Item 3.1)

The minutes of the Audit and Administration Committee meeting held on June 4, 2009 were approved as presented.
(d) PUBLIC HEARINGS/DELEGATIONS (Item 6)

(i) Ryan Oosterhoff on behalf of Fred Losani, Losani Homes

Ryan Oosterhoff, Losani Homes, made a brief presentation to the Committee. Highlights included, but were not limited to the following:

- Would like the Special Area Charge to be blended.
- The airport, industrial lands, Waterdown bypass road, etc. are specific to those areas.
- The actual number of units remaining in Stage 1 in Binbrook is 963, not 425 as noted in the report. This brings the Special Area Charge down to $2,883.
- In support of the original staff recommendation to blend the Special Area Charges.

On a motion, the delegation was received.

(ii) Steve Stipsits, Branthaven Homes

Steve Stipsits, Branthaven Homes, made a brief presentation to the Committee. Highlights included, but were not limited to the following:

- Had developers known on June 4th that the Special Area Charge is just over $2800, not over $7000, there would have been less opposition to the staff recommendation to blend the charges.
- Binbrook ends up paying twice.
- The Committee did not have the bulk of the views representing the industry.

On a motion, the delegation was received.

(e) Wastewater Abatement Program Amendments (FCS09058) (City Wide) (Item 8.3)

Committee passed the following motion:

That Report FCS09058 respecting Wastewater Abatement Program Amendments be tabled for one month.

Committee requested that staff provide additional information respecting the financial impacts of the amendments to the program.

(f) Cash Handling Review Final Update (FCS07093(b)) (City Wide) (Item 8.6)

Councillor Powers requested that staff provide a report back to the Audit and Administration Committee providing additional information respecting the

Council – June 24, 2009
action items that were not satisfactorily completed and how they are being dealt with.

Committee amended Report FCS07093(b) respecting Cash Handling Review Final Update as follows:

That recommendation (b) of Report FCS07093(b) respecting Cash Handling Review Final Update, which reads as follows, be deleted in its entirety:

“(b) That outstanding Item C be removed from the outstanding business list.”

(g) 2009 City of Hamilton Development Charge By-laws Update – Development Charge Impact on Industrial and Commercial Development (FCS09060)(a)) (City Wide) (Added Item 8.8(a))

Rob Rossini, General Manager of Finance and Corporate Services, provided an overview of the report. Committee approved the recommendations in the report, as outlined in Item 9 above.

(h) Update Respecting Special Area Charges (Added Item)

Rob Rossini, General Manager of Finance and Corporate Services, provided a verbal update respecting Special Area Charges. He advised that, since the June 10, 2009 Council meeting, a number of meetings have taken place respecting Special Area Charges. Staff are prepared to amend the Special Area Charge to spread out the additional cost, which would cause the charge to fall to just under $3000. Mr. Rossini further advised that Binbrook developers are in agreement with the compromise. The new by-law, which will go to the June 24, 2009 Council meeting, will reflect the new numbers. The recommendation to maintain the Special Area Charge agreements, which was approved by Council on June 10, 2009, is not affected.

In response to a question from Councillor Powers, Mr. Rossini advised that this issue was brought forward by Binbrook developers and has not been brought forward by Waterdown/Dundas developers; therefore, only the Binbrook Special Area Charges have been investigated.

Committee agreed with staff’s approach to the Binbrook Special Area Charges.

On a motion, the update was received.
(i) Recommendations (b) and (c) of 2009 City of Hamilton Water and Wastewater Development Charges Bylaw (2-year Term) and Development Charges By-law for all other Growth Services (5-year Term) (FCS09060) (City Wide) (Referred by Council at its meeting on June 10, 2009) (Added Item 8.8)

Committee discussed recommendations (b) and (c) of Report FCS09060, which was referred back to Committee by Council on June 10, 2009.

In response to questions from the Committee, Rob Rossini, General Manager of Finance and Corporate Services advised that transportation, access to skilled labour, and availability of land are more important than development charges are to industrial and commercial developers. Norm Schleehahn, Manager of Business Development, advised that property tax, land cost, and development charges are important to developers.

Further discussion ensued, including but not limited to the following:
- Hamilton is not seeing the same industrial growth and commercial activity as other municipalities with higher development charges
- A supply of land will be available soon and it would behoove Council to increase the development charges before the land becomes available, so that it is not developed at the lower charges.
- Several departments, including Economic Development and Planning, were involved in the process of writing Report FCS09060. Therefore, if Council reverts back to the industrial and commercial charges proposed in the initial report, staff should be in agreement.

Committee approved recommendations (b) and (c) as outlined in Item 10 above.

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

(i) Outstanding Business List (Item 11.1)

(a) Item B: Improvements within the City of Hamilton Procurement Process (Due Date: June 2009)
   Proposed New Due Date: December 2009

   On a motion, the due date was amended.

(b) Item D: Chargeback Study (Due: June 17/09)
   Proposed New Due Date: July 7/09

   On a motion, the due date was amended.
(c) Item G: Innovative Work Environment
*Proposed New Due Date: Oct. 21/09*

On a motion, the due date was amended.

(d) Item H: Whistle-blowing Protection (Due: June 17/09)
*Proposed New Due Date: July 7/09*

On a motion, the due date was amended.

(e) Item L: Correspondence from the Town of Ajax respecting authority to prohibit corporate and trade union contributions to municipal election campaigns
*To be removed*

On a motion, Item L was considered complete and removed from the Audit and Administration Committee’s Outstanding Business List.

(k) PRIVATE AND CONFIDENTIAL (Item 12)

Committee moved into Closed Session at 10:33 a.m. pursuant to Section 8.1, subsections (b) and (f) of the City’s Procedural By-Law and Section 239 of the Ontario Municipal Act, as the subject matter pertains to personal matters respecting an identifiable individual and advice that is subject to solicitor-client privilege, including communications necessary for that purpose.

Committee reconvened in Open Session at 11:01 a.m.

(i) Asset Backed Commercial Paper - Civil Litigation (City Wide) (FCS09066/LS09006) (Item 12.1)

Committee passed a motion as outlined in Item 11 above.

(ii) Verbal Update Respecting a Personnel Issue (Added Item 12.2)

Committee received an update in closed session with nothing to report in open session.
(I)  ADJOURNMENT (Item 13)

The Audit and Administration Committee adjourned at 11:03 a.m.

Respectfully submitted,

Councillor Brad Clark, Chair
Audit and Administration Committee

Mary-Ann Meyer
Legislative Assistant
June 17, 2009
### Appendix "A" to Item 2, Audit and Administration Committee Report 09-011

**City of Hamilton**  
**Corporate Services Department**  
**Taxation Division**  
**Section "357" Appeals of the Municipal Act, 2001**

<table>
<thead>
<tr>
<th>Appeal No.</th>
<th>Property Address</th>
<th>Roll Number</th>
<th>Explanation</th>
<th>YEAR</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>442-02-263</td>
<td>574 Northcliffe Ave</td>
<td>260270260000000000</td>
<td>Major Renovations on the Sister of St Joseph's convent</td>
<td>2002</td>
<td>-7509.72</td>
</tr>
<tr>
<td>357-03-372</td>
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<td>260270260000000000</td>
<td>Major Renovations on the Sister of St Joseph's convent</td>
<td>2003</td>
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</tr>
<tr>
<td>357-04-085</td>
<td>574 Northcliffe Ave</td>
<td>260270260000000000</td>
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<td>0.00</td>
</tr>
<tr>
<td>357-05-296</td>
<td>574 Northcliffe Ave</td>
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<td>2005</td>
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<td>357-06-060</td>
<td>574 Northcliffe Ave</td>
<td>260270260000000000</td>
<td>Major Renovations on the Sister of St Joseph's convent</td>
<td>2006</td>
<td>-6320.70</td>
</tr>
<tr>
<td>357-07-151</td>
<td>155 James St N</td>
<td>020126557000000000</td>
<td>Tax Class Conversion does not meet criteria for residential</td>
<td>2007</td>
<td>0.00</td>
</tr>
<tr>
<td>357-07-152</td>
<td>161 James St N</td>
<td>020126557600000000</td>
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<td>2007</td>
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<tr>
<td>357-07-305</td>
<td>157-159 James St N</td>
<td>020126557300000000</td>
<td>Tax Class Conversion does not meet criteria for residential</td>
<td>2007</td>
<td>0.00</td>
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<tr>
<td>357-08-290</td>
<td>50 Biggar Ave</td>
<td>030271009500000000</td>
<td>Demolition of buildings</td>
<td>2008</td>
<td>-815.77</td>
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<tr>
<td>357-08-301</td>
<td>58 Parkside Ave</td>
<td>260200314000000000</td>
<td>Gross or Manifest Error incorrect lot size recorded</td>
<td>2008</td>
<td>-370.19</td>
</tr>
<tr>
<td>357-08-317</td>
<td>50 Edgewood Ave</td>
<td>060552016800000000</td>
<td>Gross or Manifest Error incorrect house measurement</td>
<td>2008</td>
<td>-592.52</td>
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<tr>
<td>357-08-343</td>
<td>179 King St E</td>
<td>003340004000000000</td>
<td>Demolition of original house now replaced with new home</td>
<td>2008</td>
<td>-1533.65</td>
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<tr>
<td>357-08-358</td>
<td>232 Golf Links Rd</td>
<td>140370040000000000</td>
<td>Major Renovations of club house now completed</td>
<td>2008</td>
<td>-18282.89</td>
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<tr>
<td>357-08-364</td>
<td>50 Titan Dr</td>
<td>003250310950000000</td>
<td>Gross or Manifest Error incorrect lot size recorded</td>
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<td>-219.09</td>
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<td>357-08-371</td>
<td>144 Queen St N</td>
<td>020125007000000000</td>
<td>Tax Class Conversion now all CTN used as a storage facility</td>
<td>2008</td>
<td>-1918.18</td>
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</tbody>
</table>

**Total**  
*(51,718.57)*
Appendix "B" to Item 2, Audit and Administration Committee Report 09-011
City of Hamilton
Corporate Services Department
Taxation Division
Section "358" Appeals of the Municipal Act, 2001
Realty Tax Applications for overcharges

### B- overcharge (Assessment Roll)
B1 -overcharged-application denied
E - Exempt

<table>
<thead>
<tr>
<th>Appeal No.</th>
<th>Property Address</th>
<th>Roll Number</th>
<th>Reason</th>
<th>Explanation</th>
<th>Year</th>
<th>Amount</th>
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<td>358-08-057</td>
<td>58 Parkside Ave</td>
<td>260200314000000</td>
<td>B</td>
<td>With the newly designed assessment notices, it came to light the</td>
<td></td>
<td>-360.76</td>
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<tr>
<td>358-08-059</td>
<td>58 Parkside Ave</td>
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<td>owners had an incorrect lot size recorded on their property</td>
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<td>358-08-067</td>
<td>50 Edgewood Ave</td>
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<td>With the newly designed assessment notices, it came to light the</td>
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<td>358-08-068</td>
<td>50 Edgewood Ave</td>
<td>060552016800000</td>
<td>B</td>
<td>owners had an incorrect square footage on their home recorded</td>
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<td>-574.48</td>
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<tr>
<td>358-08-075</td>
<td>154 Homeside Ave</td>
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<td>With the newly designed assessment notices, it came to light the</td>
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<tr>
<td>358-08-075A</td>
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<td>owners had an incorrect square footage on their home recorded</td>
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<tr>
<td>358-08-076</td>
<td>179 King St E</td>
<td>003340004000000</td>
<td>B</td>
<td>original home demolished in 06 when new home completed</td>
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<td>-1496.17</td>
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<tr>
<td>358-08-088</td>
<td>50 Titan Dr</td>
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<td>-171.00</td>
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<tr>
<td>358-08-089</td>
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<td>B</td>
<td>owners had an incorrect lot size recorded on their property</td>
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<td>-165.49</td>
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</table>

**Total** (5,045.77)
1. PURPOSE

This procedure provides authorizations and guidelines for the write off of uncollectible accounts. It identifies the proactive procedures in place to help avoid Bad Debts, the steps taken to collect delinquent accounts, establishes conditions under which accounts deemed as uncollectible may be written off, and refers to authorization levels for write offs.

2. SCOPE

This procedure deals only with accounts associated with HSR Fare and Revenue distribution and collection, or the distribution of ATS Taxi Scrip.

HSR uses a network of Third Party Agents (TPA) such as convenience stores, lottery outlets, and institutions to distribute bus tickets and passes to the public. All new TPA applicants are subject to a credit check undertaken by Corporate Accounts Receivable on behalf of HSR. Payment arrangements vary by TPA depending on how large or how established the organization is. Some sales are made as cash only, while others are invoiced monthly through the Corporate Services Accounts Receivable section. Some Accounts Receivable customers provide cash advances or Letters of Credit, while others with substantial sales volumes provide interim payments during the sales month.

Most TPA receive tickets on a COD basis, and a limited number of monthly bus passes on consignment, paying for those sold after the monthly sales period is complete. Sales by TPA are based on a 1% commission, and are typically used as means to generate store traffic and to service existing clients. Any loss by a TPA for whatever reason is its sole responsibility.

Additionally, HSR and its ATS section allow payment by cheque for specific types of fare media, including Senior Annual Bus Pass, Taxi Scrip, and DARTS tickets. Further, in the case of the Senior Annual Bus Pass, some accounts are maintained with individuals who wish to pay monthly by means of automatic account debit.
Finally, HSR maintains program relationships with institutions including, but not limited to, McMaster University, Redeemer University College, Columbia International College, and Hamilton Wentworth District School Board, which are account based and substantial in nature. These institutions are subject to payment terms defined in individually negotiated Agreements.

3. DEFINITIONS

3.1 Accessible Transportation Services (ATS) - The operational section of the Transit Division responsible for services related to persons with disabilities.

3.2 Bad Debt - An account with the City Of Hamilton that is deemed to be uncollectible.

3.3 HSR - The Hamilton Street Railway Company, being the Transit Division of the Public Works Department of the City of Hamilton.

3.4 NSF - A cheque returned by a financial institution for reason of insufficient funds, stopped payment, or closed account.

3.5 Third Party Agent (TPA) - A vendor or other agent contracted by HSR to sell or otherwise distribute HSR bus tickets and/or passes to the general public or specific passenger groups. All TPA that are not internal to the City of Hamilton are signed to a standard contract for services.

3.6 Transit Fare Administration - The operational section of the Transit Division responsible for distribution and collection of fares.

4. RESPONSIBILITY

Application of this procedure is the responsibility of the Manager of Transit Fare Administration & ATS.

5. PROCEDURE

5.1 RISK MITIGATION MEASURES:

HSR will maintain measures to prevent and/or mitigate risk in dealing with TPA and others with whom financial transactions are carried out.

- Monitor accounts on a 30 days basis to determine levels of exposure generated by consignment of passes, and volumes and value of payments made by cheques and outstanding amounts past due.

- Once notification of an NSF Cheque has been received from the bank, the HSR F&A staff will take a copy of the documents and within 2 days, forward the original bank memo and returned cheque to the Supervisor of Transit Fare Administration or designate for immediate follow up (see Section 5.2 Collection Procedures).

- All NSF Cheque returns and re-deposits will be journalized into Balance Sheet Account 12634-006100 which will be reconciled monthly. The reconciled list of all outstanding NSF cheques will be presented to the Manager of Fare Administration for review and follow up monthly to ensure correct collection efforts are being made.

- When an NSF cheque is received, collection procedures as outlined in Section 5.2 will be initiated.
• Once two NSF cheques have been received from the same Customer, further credit will be denied and the Customer must be put on a cash only basis whereby tickets will be delivered only upon exchange of cash or a certified cheque for the entire amount of the delivery.

• For overdue balances risk mitigation methods will be instituted including requirement of interim payments, cash only payments, limitations on consignment, or stopping consignment.

• In consultation with Corporate Accounts Receivable, institute requirements of Account Receivable based TPA for provision of securities based on volumes of sales and frequency of payments.

5.2 COLLECTION PROCEDURES:

HSR accounts that do not flow through the corporate AR system are managed by the Transit Fare Administration section of HSR and are monitored by the Corporate Finance & Administration support section attached to Transit. As problem collections are revealed, they are evaluated on an individual basis by the Supervisor of Transit Fare Administration and/or the Manager of Transit Fare Administration and ATS to determine which collection methods are relevant. The following methods may be used to collect outstanding amounts.

• Site visit to customer to discuss and collect monies owed.

• Send non payment notices of delinquency escalating in intensity.

• Cease delivery of additional passes and tickets.

• Arrange terms of payment including extending terms of payment when approved by the Manager of Transit Fare Administration.

• Cross reference the account with the Accounts Payable records to identify if funds are owed by the City of Hamilton to the Customer. The payment should be netted if at all possible.

• Draw on securities held (i.e. Letters of Credit) to recover amounts owed.

• In the case of bankruptcy, file a claim with the Trustee. This will be done in conjunction with Corporate Services Accounts Receivable, which generally receives the notifications and forms for bankruptcies.

• Contact the City Legal Services Department to determine available legal recourse.

• Forward the account through Corporate Accounts Receivable to a collection agency.

• Other actions as applicable to the situation.

All actions taken with respect to problem accounts will be managed and documented by the Supervisor of Fare Administration.

Once all of the above have been exhausted without successful collection, the amount will be deemed to be uncollectible and submitted to the appropriate level of authority, to be written off as a Bad Debt expense.
5.3 ALLOWANCE FOR DOUBTFUL ACCOUNTS

HSR will establish an Allowance for Doubtful Accounts each year end, based on an assessment of current outstanding balances and a history of uncollectible amounts. This allowance will include accounts managed by both the Corporate Accounts Receivable section and Transit Fare Administration.

The Allowance for Doubtful Accounts will be funded, if sufficient balance is available, from the Tickets in Public Hands account. Not all tickets sold are redeemed so this account holds funds from the sale of bus tickets prior to January 1, 2008, with sufficient ongoing reserves to fund all redemptions of tickets issued to that time.

If insufficient funds are available from the Tickets in Public Hands account to fund the allowance account, the balance will be funded from the current operating budget. If the Tickets in Public Hands account has excess funds after sufficient allowance has been made for liabilities, the balance will be taken into operating income.

5.4 WRITE OFF PROCEDURES:

Some situations which may result in the recommendation to write off uncollectible receivables include:

- The collection agency returns the account as uncollectible, untraceable or advises that no assets remain to pursue further collection efforts.
- Litigation against a debtor is unsuccessful.
- Upon notification from the Trustee in Bankruptcy indicating that no funds are available to cover the claim.
- On advice from Legal Services indicating a claim would not be successful.
- All collection methods are deemed to be exhausted.
- Cost to the Corporation to collect exceeds the value of the debt.

Once it has been determined by the Manager of Transit Fare Administration that all collection methods have been exhausted, the recommendation to write off invoice balances will be forwarded with all documentation to the appropriate level of approval according to the following Council approved authority levels:

- $00.01 - $500.00 Director of Transit or designate
- $500.01 - $1,000.00 General Manager, Public Works or designate
- > $1,000.00 City Council Approval

Once the correct level of approval has been obtained, the Manager of Transit Fare Administration will forward the information to the Business Administrator for HSR who will prepare journal entries to reduce the Allowance account.

At least semi-annually a report will be taken to Council for approval of write-offs > $1,000 and will include a summary of all other write offs during the period.
Information will be retained regarding customers with written off balances. If new developments arise suggesting that a possibility for collection exists, the collection process will be resumed.

6. **ASSOCIATED DOCUMENTS**
   Accounts Receivable Collection & Write Off Policy and Procedures

7. **REVISION HISTORY**

   Revision No.: __________________________
   Date of Last Revision: ____________________
   Last Approval Date: ______________________
   Reason for Change: _______________________
   Prepared by: (Print Name) __________________
   Prepared by: (Signature) ___________________
   Authorized by:
   Print Name _____________________________
   Title: _________________________________
   Signature _____________________________

   *Note: The Section Manager is required to Authorize Level 4 Work Instructions. If the Section Manager is the person who prepared the Work Instruction, then his/her Director shall Authorize the Work Instruction.*