CORPORATE SERVICES  
City Clerk’s Division

| TO: | Chair and Members  
Audit and Administration Committee |
<table>
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<tbody>
<tr>
<td>WARD(S) AFFECTED:</td>
<td>CITY WIDE</td>
</tr>
<tr>
<td>COMMITTEE DATE:</td>
<td>September 8, 2010</td>
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<tr>
<td>SUBJECT/REPORT NO:</td>
<td>Proposed Write-offs of Outstanding Fines for Provincial Offences (FCS10072) (City Wide)</td>
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| SUBMITTED BY: | Jane Lee  
Acting General Manager, Finance & Corporate Services |
| PREPARED BY: | Wendy Mason ext. 5718 |
| SIGNATURE: | |

**RECOMMENDATION:**

That staff be authorized to write-off all outstanding Provincial Offences in the amount of $564,740 deemed uncollectible with a due date of December 31, 2002, (refer to Appendix “A” of report FCS10072).

**EXECUTIVE SUMMARY:**

Due to the transfer of outstanding fine revenues from the Province of Ontario, as part of their downloading of responsibilities to municipalities, outstanding fines, dating back several years, became the responsibility of the municipality. 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 managed database that the Provincial Offences Administration Office (POA) is required to use as per the transfer agreement.
Alternatives for Consideration – See Page 4

| FINANCIAL / STAFFING / LEGAL : IMPLICATIONS (for Recommendation(s) only) |

Financial: As the Provincial Offences Administration Office (POA) works on a cash basis for accounting purposes, these amounts are not true outstanding receivables on the City’s books.

Staffing: In view of the fact that these revenues remain an outstanding liability to the City, 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 (MAG) of this recommendation and request that they be authorized to purge these records from the Ministry database (ICON).

HISTORICAL BACKGROUND (Chronology of Events)

As a result of the Provincial transfer of responsibility from the Province to the City on February 7, 2000, the City of Hamilton’s Provincial Offences Administration Office (POA) assumed outstanding revenues (fines) dating back to 1977. There are currently outstanding files that are outside the window for a judgment to be secured in Civil Court, therefore, negating the possibility of further enforcement means. These files are seven years old or more and are now uncollectible in terms of available legal remedies and, therefore, should be written off. As of December 31, 2009, the total outstanding receivables for the POA Office were $43,876,451. $36,168,824 is in default and in the collections section and/or external collection agencies portfolio in pursuit of these fine payments. The balance of $7,707,627 are fines that are not yet past due.

The POA Office has an internal collections section and utilizes two collection agencies for outstanding fines. Internal collections were responsible for 40% and external collection agencies were responsible for 9% of the revenues generated by the internal and external collections combined. Internal collections totalled $2,226,009 and the external collection agencies collected $900,884.

The Collection Agency By-law that permits recovery of the fees from the defendant has a success rate of 89% in 2009, generating recovery of $147,204. This is an increase of overall success rate by 24% from 2008.
POLICY IMPLICATIONS

The above recommendation is in compliance with existing corporate, Provincial policies and procedures and standard accounting practices respecting the writing-off of uncollectible monies.

RELEVANT CONSULTATION

N/A.

ANALYSIS / RATIONALE FOR RECOMMENDATION

Staff anticipates the amount of the write-offs to be $564,740 in uncollectible fines for 2002. This amount includes the Victim Fine Surcharge which is payable to the Province of Ontario.

Write-off reports have been completed, on an annual basis, by POA Office since 2004. All offences filed in the POA Office are pursued by way of enforcement if they are not paid by their due date. Enforcement means suspension of a driver’s licence, denial of licence plate renewal and referral to our internal collections and/or an external collection agency. Outstanding fines are tracked, through our collection database, wherein chronic offenders can be identified, based upon the criteria that anyone with more than three offences in a five year period is classified as chronic. All chronic offenders’ files are stored on CD, including those that have been written-off, for reference and possible payment. The chronic offenders’ list is updated on an annual basis.

The approval to write-off these revenues will reduce the account 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. Future reports will show a decrease in amounts to be written-off with the elimination of older files and the ongoing improvement in the POA Office collection procedures.
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.

There is no longer an option not to write-off uncollectible debt as the Ministry of the Attorney General has issued a directive that all POA Offices in the Province establish and maintain write-off policies and procedures.

CORPORATE STRATEGIC PLAN  (Linkage to Desired End Results)


Financial Sustainability

- Financially Sustainable City by 2020

APPENDICES / SCHEDULES

Appendix “A” to report FCS10072 - 2002 Write-Offs Summary.
# Provincial Offences Write-Offs

April 7, 2010

## 2002 Write-Offs Summary

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<thead>
<tr>
<th>Enforcement Code</th>
<th>Files</th>
<th>Dollars</th>
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<tbody>
<tr>
<td>Defaulted Fines</td>
<td>1700</td>
<td>$521,399.35</td>
</tr>
<tr>
<td>Suspension Issued</td>
<td>7</td>
<td>$6,357.50</td>
</tr>
<tr>
<td>No Enforcement</td>
<td>18</td>
<td>$36,983.50</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>1725</td>
<td><strong>$564,740.35</strong></td>
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