

<b>TO:</b>	<b>CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON JULY 18, 2017</b>
<b>FROM:</b>	<b>ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER</b>
<b>SUBJECT:</b>	<b>PRE-AUTHORIZED PROPERTY TAX PAYMENT ERROR</b>

<b>RECOMMENDATION</b>
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That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, the following update with respect to the pre-authorized property tax payment error **BE RECEIVED** for information.

<b>BACKGROUND</b>
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On the morning of Thursday, July 6<sup>th</sup>, staff in the City Tax Office received telephone calls from taxpayers on the pre-authorized payment plan indicating that the June 30<sup>th</sup> pre-authorized tax payment had been withdrawn a second time on July 5<sup>th</sup> or 6<sup>th</sup>. Upon investigation, it was determined that the pre-authorized payment file that was sent for the June 30<sup>th</sup> date was sent again in error to Scotiabank late in the afternoon of Wednesday, July 5<sup>th</sup>. As soon as this was identified the morning of Thursday, July 6<sup>th</sup>, instructions were sent to Scotiabank to reverse the file that had been sent in error on July 5<sup>th</sup>. Corrections to customers' bank accounts started to occur on July 6<sup>th</sup>.

As soon as this error was identified, City staff created and executed a communication strategy that identified the nature of the error, who may be affected, and the actions being taken by the City to correct the situation promptly. The information was made available on the City's website, social media accounts, and sent to London news media outlets which promptly published the information. In addition, on July 7<sup>th</sup>, City staff communicated out a process should account holders incur non-sufficient funds (NSF) bank fees due to the additional pre-authorized tax payment withdrawal. It should be noted that calls into the Tax Office on Friday, July 7<sup>th</sup> decreased considerably from what was experienced on Thursday, July 6<sup>th</sup>. Furthermore, City staff investigated the file transfer process and have increased control protocols to mitigate this event from occurring again.

In the two days following the incorrect file transmission, staff at the City Tax Office were advised that virtually all financial institutions had been able to reverse the incorrect file transmission very quickly. In many cases the error correction was processed before the incorrect file and there was no effect on taxpayer bank accounts.

By July 10<sup>th</sup>, City staff were concerned that there was one smaller financial institution that had not processed the error correction file that had been sent. This situation involved about 100 accounts of the 33,542 accounts that are on pre-authorized payment. Civic Administration worked with the City's own Bank (Scotiabank) to determine how to deal with the 100 accounts. On July 12<sup>th</sup>, Civic Administration was informed that a new file had to be transmitted to the financial institution to correct the 100 accounts. Civic Administration created the file and sent it the following day on July 13<sup>th</sup>. The financial institution involved has agreed to cancel any NSF charges resulting from the situation that occurred.

It is our understanding that three of the five major banks processed the error correction file before the incorrect file and therefore there was no impact on property owner bank accounts. The other two major banks have indicated they will cancel any NSF charges associated with the processing of the incorrect file and the correction file upon the request of the customer. We therefore do not expect any significant costs to occur as a result of the incorrect file transmission on July 5<sup>th</sup>.

<b>PREPARED BY:</b>	<b>CONCURRED BY:</b>
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<b>RECOMMENDED BY:</b>	
<b>ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER</b>	

Cc:  
 Mat Daley, Director, ITS  
 Kate Graham, Director, Community and Economic Innovation  
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 Barry Card, Managing Director, Corporate Services & City Solicitor