

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON NOVEMBER 21, 2017
FROM:	ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	REQUEST FOR WRITE-OFF OF PROVINCIAL OFFENCES ACT (POA) ACCOUNTS RECEIVABLE

RECOMMENDATION

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, Civic Administration **BE AUTHORIZED** to write-off the outstanding Provincial Offences Act (POA) Accounts Receivable, attached as Appendix "B", in accordance with the Ministry of the Attorney General (MAG) Write-Off Directive and Council Policy, being the Accounts Receivable and Collections Policy.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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Amendment to Council Policy Pertaining to "Accounts Receivable and Collections Policy"
(March 7, 2017 meeting of Corporate Services Committee)
<http://sire.london.ca/mtgviewer.aspx?meetid=1448&doctype=agenda&itemid=50531>

Amendment to Council Policy 8(5) "Uncollectible Accounts Receivable"
(December 13, 2016 meeting of Corporate Services Committee)
<http://sire.london.ca/mtgviewer.aspx?meetid=1373&doctype=agenda&itemid=48387>

Request for Write-Off of Accounts Receivable
(December 13, 2016 meeting of Corporate Services Committee)
<http://sire.london.ca/mtgviewer.aspx?meetid=1373&doctype=agenda&itemid=48388>

Provincial Offences Act (POA) Collections – Ministry of Attorney General (MAG) Write-Off Directive
(November 26, 2008 meeting of Board of Control)
<http://council.london.ca/CouncilArchives/Agendas/Board%20Of%20Control%20Agendas/Board%20of%20Control%20Agendas%202008/2008-11-26%20Agenda/Item%206.pdf>

BACKGROUND

In 2001, the Province of Ontario transferred the responsibility for the administration and prosecution of provincial offences in London-Middlesex to the City of London. As a result, the City was required to establish its own administration and prosecution office and courtrooms to deal with charges laid under the Provincial Offences Act.

Collections

As part of the transfer of responsibility for the operation of Provincial Offences Courts in 2001, the Province downloaded the responsibility for the collection of delinquent cases. This required municipalities to establish effective methods for the management of court administration, support functions, collection and civil enforcement activities.

The collection of POA receivables requires proper tools and adequate staffing resources. The City is continually developing and refining its collection strategy. Appendix "A" lists various collection tools currently used by Civic Administration in the collection of POA fines.

Accounts Receivable and Collections Policy

In March 2017, the new Council Policy on Accounts Receivable and Collections was adopted. The policy is a statement of policies and goals relating to the procedures and collection of accounts receivable. The policy also provides authorization and guidelines for the write-off of uncollectible miscellaneous and POA receivables.

The authorization for write-off of uncollectible POA accounts receivable will be as follows:

Dollar Value of POA Account	Person or Body Responsible for Deciding Further Action
\$0 to \$2,000.00	Manager III, Courts Administration or delegate <u>and</u> Director, Financial Services or delegate
\$2,000.01 to \$10,000.00	City Treasurer or delegate <u>and</u> City Manager or delegate
over \$10,000.00	City Council

Write-offs

As set out in the Council Policy, being the Accounts Receivable and Collection Policy, after exhausting established best practices, staff are seeking Council approval to write-off a total of 60 cases with a total value of \$1,923,941 (2016 – 65 cases with a total value of \$2,184,079)¹ of the total being written off for 2017. Administrative write-offs have been delegated to staff for approval as per the policy.

It should be noted that cases are **written off for accounting purposes only**.

Such write-offs do not absolve a convicted offender from the requirement to pay a case, as debts to the Crown are owed in perpetuity and are never forgiven.

In writing off the above referenced cases the electronic record will be removed, however all original source documents must be retained by the court office in accordance with the MAG directive and a separate data base containing these written-off cases will be maintained.

Financial Impact

The write-off above does not impact the operational results for 2017.

For accounting purposes, revenue should be recognized when the critical event occurs. Due to legislative procedures and numerous factors that could affect the timing and ultimate payment of a fine, it was determined that the appropriate time to recognize the revenue is when the fine is paid. As a result, this revenue is recorded on a cash basis.

Policy Assessment

2017 is the first year of applying the amended Accounts Receivable and Collections Policy, using the new thresholds. The write-off amount above represents 44% (2016 – 54%)¹ of the total.

Staff have reviewed the amended policy and are not recommending any amendments to the policy at this time. The policy will be reviewed on an annual basis when the annual write-off report is brought forward to Council for approval in order to ensure it continues to meet the business needs of the Corporation in an effective manner.

¹ For comparison purposes, the 2016 write-off value was recalculated using the new policy thresholds implemented after the 2016 write-offs approved by Council.

Summary

This report recommends that the delinquent cases, as set out in Appendix "B", be approved for write-off and removed from the electronic POA system, as they meet the MAG's approved criteria for write-off.

This report was prepared with the assistance of Shannon Manders, Accounts Receivables Collection Officer of Financial Services.

SUBMITTED BY:	CONCURRED BY:
SHARON SWANCE MANAGER, ACCOUNTING FINANCIAL SERVICES	MICHAEL SCHULTHESS MANAGER, PROVINCIAL OFFENCES COURTS ADMINISTRATION
CONCURRED BY:	RECOMMENDED BY:
IAN COLLINS DIRECTOR, FINANCIAL SERVICES	ANNA LISA BARBON MANAGING DIRECTOR CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER

Attach.

APPENDIX "A"

Collection Processes for POA Accounts Receivable

A series of processes and a number of tools were implemented in order to effect the most expeditious collection of default fines. New tools and processes are continually being developed to increase collection efforts of the service area.

These processes include:

- Data received from MAG each month is "scrubbed" to correct addresses, add postal codes and telephone numbers
- Automated telephone campaign is performed within 15 days of receipt of the newly defaulted fines
- A series of collection letters have been developed and are sent out based on the default status of the POA fines.
- If mail is returned undeliverable, various skip-tracing tools are utilized to research updated addresses and telephone numbers and the appropriate collection notice is generated.
- Various enforcement activities are undertaken by the POA staff, which may include:
 - driver's licence suspension
 - licence plate denial
 - credit bureau reporting
 - the filing of Certificates of Default
 - further civil enforcement action such as:
 - the filing of Writs of Seizure and Sale or
 - the filing of Garnishments.
- Placement with one of four collection agencies
- Addition to the Tax Roll

There is no relief or reprieve from a fine as the court determines the fine, not the municipality.

Once a fine has been imposed by the court, options for defendants include:

- applying for an extension of time-to-pay (determined by the court) and
- appealing a sentence to a judge.

APPENDIX "B"

Summary of Write-offs

Write-offs to be Approved by Council > \$10,000.00				
Enforcement Year	Cases #	Total \$	%	Aggregate %
< 2003	3	59,060.00	3.07%	3.07%
2003	3	54,007.80	2.81%	5.88%
2004	3	57,795.20	3.00%	8.88%
2005	13	449,429.10	23.36%	32.24%
2006	8	193,937.68	10.08%	42.32%
2007	6	291,848.17	15.17%	57.49%
2008	8	181,288.07	9.42%	66.91%
2009	4	154,825.88	8.05%	74.96%
2010	6	153,614.02	7.98%	82.94%
2011	1	68,775.00	3.57%	86.52%
2012	2	58,160.93	3.02%	89.54%
2013	3	201,199.21	10.46%	100.00%
	60	\$1,923,941.06	100.00%	

Comprised of the following statutes:

Statute	Statute Code	Cases #	Total \$	%	Aggregate %
Occupational Health & Safety Act	551	14	646,866.28	33.62%	33.62%
Highway Traffic Act	HTA	21	395,178.02	20.54%	54.16%
Business Practices Act	505	4	204,397.65	10.62%	64.79%
Workplace Safety & Insurance Act	755	3	164,808.63	8.57%	73.35%
Fire Protection & Prevention Act	753	2	154,380.00	8.02%	81.38%
Ontario New Home Warranty Act	556	3	100,091.40	5.20%	86.58%
Retail Sales Tax Act	576	2	69,010.22	3.59%	90.17%
Ontario Water Resources Act	557	1	31,100.00	1.62%	91.78%
Employment Standards Act	517	1	28,099.21	1.46%	93.24%
Environmental Protection Act	519	1	25,040.00	1.30%	94.54%
By-Laws (Other)	BLO	2	24,380.00	1.27%	95.81%
Other - Less than \$20,000 per Statute	-	6	80,589.65	4.19%	100.00%
		60	\$1,923,941.06	100.00%	