

TO:	CHAIR AND MEMBERS FINANCE AND ADMINISTRATION SERVICES COMMITTEE MEETING ON NOVEMBER 26, 2012
FROM:	MIKE TURNER DEPUTY CITY TREASURER
SUBJECT:	REQUEST FOR WRITE OFF OF PROVINCIAL OFFENCES ACT (POA) ACCOUNTS RECEIVABLE

RECOMMENDATION

That, on the recommendation of the Deputy City Treasurer, Civic Administration **BE AUTHORIZED** to write off the outstanding Provincial Offences Act accounts receivable attached (Appendix A) and removed from the Integrated Court Offences Network (ICON) system in accordance with the Ministry of the Attorney General Write-Off Directive and Civic Administration's Uncollectible Accounts Receivable Policy and approval be given to cease collection activity on these delinquent cases.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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- **Provincial Offences Act (POA) Collections – Ministry of Attorney General (MAG) Write-off Directive** (Board of Control, November 26, 2008)

BACKGROUND

On March 26, 2001, the Province of Ontario transferred the responsibility for the administration and prosecution of provincial offences in London-Middlesex to the City of London.

This transfer was part of the Province's strategy to realign provincial and municipal roles in the delivery of public services. 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.

As part of the transfer of responsibility for the operation of Provincial Offences Courts in 2001, the Province also downloaded responsibility for the collection of a delinquent cases portfolio containing over 74,000 cases having a total value of approximately \$17 million.

The devolvement of defaulted POA fines from the Province immediately required Ontario Municipalities to establish effective methods for the management of court administration, support functions, collection and civil enforcement activities. The opportunity to attempt the collection of this substantial receivable portfolio required proper tools and adequate staffing resources. As the receivable balance continued to grow after devolvement, it became evident that the City would have to develop and implement a collection strategy.

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 department.

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 current address and telephone numbers and the appropriate collection notice is generated. Various enforcement activities are undertaken by the POA staff, which includes driver's license suspension, license plate denial, credit bureau reporting and the filing of Certificates of Default to proceed with further civil enforcement action. The POA collection staff

will research and investigate if an offender holds assets or has other income means to determine the most appropriate method in pursuing civil enforcement.

As a part of its strategy to collect Provincial Offences Act fines in default, the City also contracts with four professional collection agencies that were selected through the RFP process in Fall 2010. If the POA collection staff are unsuccessful in collection activities through in-house activities, they then assign the receivables to the collection agencies. The collection agencies are monitored on a regular basis and will be given a portion of the receivables based on their prior months' recoveries.

It is only after the POA collection team have applied their best efforts to the collection of the debt through the various means listed above that they would recommend that a fine be deemed uncollectible and recommend to Council that collection activities cease.

It is currently POA collection's strategy to concentrate collection efforts on fines that are less than 2 years old and assign older debt to the collection agencies, after exhausting in-house collection methods.

The MAG directive and guideline provides municipalities with the written authority to establish write-off criteria for those aged delinquent cases deemed uncollectible and staff have developed the required operating procedures to comply with the MAG directive.

If approved, the recommendations contained in this report will allow POA collection staff to fully concentrate their efforts on the most recent delinquent cases and will assist in maximizing the effectiveness of the POA collection process. The removal of cases deemed uncollectible will reduce the size and value of the delinquent fines portfolio to a more meaningful level and assist in forecasting future potential revenue based on a more accurate database.

Write-offs

Staff are seeking approval to write off and remove from the ICON System a total of 100 cases with a total value of \$476,129.99 as set out in the Uncollectible Accounts Receivable Policy 8(5). In addition to these recommended write-offs, there have been administrative write-offs under this Policy of 509 cases with a total value of \$90,562.76.

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 in ICON 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.

Summary

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

This report was prepared with the assistance of Shannon Manders, Financial Services.

PREPARED AND SUBMITTED BY:	RECOMMENDED BY:
SHARON SWANCE MANAGER, ACCOUNTING	MIKE TURNER ACTING DEPUTY CITY TREASURER
CONCURRED BY:	

MICHAEL SCHULTHESS MANAGER, PROVINCIAL OFFENCES COURTS ADMINISTRATION