

**7. GENERAL ACCOUNTS – WRITE-OFFS 2016 AND REPAYMENT  
AGREEMENTS EXECUTED IN 2016**

**COMPTES GÉNÉRAUX – RADIATIONS POUR 2016 ET ENTENTES DE  
REMBOURSEMENT CONCLUES EN 2016**

**COMMITTEE RECOMMENDATIONS**

That Council approve the following:

1. That general accounts totaling \$49,097 be written off;
2. That property taxes totalling \$11,500 be written-off in accordance with section 354 of the Municipal Act; and
3. That the 2016 Repayment Agreements executed as required by the Delegation of Authority By-law be received.

**RECOMMANDATIONS DU COMITÉ**

Que le Conseil approuve ce qui suit :

1. Que les comptes généraux totalisant 49 097 \$ soient radiés ;
2. Que les impôts fonciers totalisant 11 500 \$ soient radiés conformément à l'article 354 de la Loi sur les municipalités ; et
3. Que les ententes de remboursement de 2016 signées comme le prescrit le Règlement municipal sur la délégation de pouvoirs soient reçues.

**DOCUMENTATION/DOCUMENTATION**

Deputy City Treasurer's report, Revenue, Corporate Services Department, dated 27 March 2017 (ACS2017-CSD-REV-0001)

Rapport de la Trésorière municipale adjointe, Services des recettes, Direction générale des services organisationnels, daté 27 mars 2017 (ACS2017-CSD-REV-0001)

**Report to  
Rapport au:**

**Finance and Economic Development Committee  
Comité des finances et du développement économique  
4 April 2017 / 4 avril 2017**

**and Council  
et au Conseil  
12 April 2017 / 12 avril 2017**

**Submitted on March 27, 2017  
Soumis le 27 mars 2017**

**Submitted by  
Soumis par:  
Wendy Stephanson, Deputy City Treasurer, Revenue / Trésorière municipale  
adjointe, Recettes**

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**Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE      File Number: ACS2017-CSD-REV-0001**

**SUBJECT: GENERAL ACCOUNTS – WRITE-OFFS 2016 AND REPAYMENT  
AGREEMENTS EXECUTED IN 2016**

**OBJET: COMPTES GÉNÉRAUX – RADIATIONS POUR 2016 ET ENTENTES DE  
REMBOURSEMENT CONCLUES EN 2016**

## **REPORT RECOMMENDATIONS**

**That the Finance and Economic Development Committee recommend Council approve the following:**

- 1. That general accounts totaling \$49,097 be written off;**
- 2. That property taxes totalling \$11,500 be written-off in accordance with section 354 of the *Municipal Act*; and**
- 3. That the 2016 Repayment Agreements executed as required by the Delegation of Authority By-law be received.**

## **RECOMMANDATIONS DU RAPPORT**

**Que le Comité des finances et du développement économique recommande au Conseil d'approuver ce qui suit :**

- 1. Que les comptes généraux totalisant 49 097 \$ soient radiés ;**
- 2. Que les impôts fonciers totalisant 11 500 \$ soient radiés conformément à l'article 354 de la *Loi sur les municipalités* ;**
- 3. Que les ententes de remboursement de 2016 signées comme le prescrit le *Règlement municipal sur la délégation de pouvoirs* soient reçues.**

## **BACKGROUND**

This report addresses the corporate accounts receivable, property taxes and payroll overpayment accounts that the General Manager and City Treasurer determined in 2016 are uncollectible and has therefore written off.

The Corporate Services Department, Revenue Services is responsible for the collection of all accounts billed through the City's Financial System. The City invoices for a variety of services such as residential and commercial rents, damage to City property, returned cheques, salary overpayments and paid-duty police service. The services mentioned are only a few examples of the hundreds of services or reasons for which the City prepares and sends invoices.

The Payroll Branch is responsible for the payment of salaries, wages, and reimbursements to approximately 24,564 individuals. In addition to paying City of Ottawa employees, Payroll provides payroll services to Ottawa Police Services, Ottawa Public Library and non-City groups such as Volunteer Firefighters. On occasion, it is determined that employees have been overpaid and the City attempts to recover these overpayments.

The Department has implemented a rigorous process for follow-up, prescribed collection activities as well as partnering with three private collection agencies to collect outstanding balances. To reduce the City's financial risk in instances where the debt cannot be paid in full, the City enters into a formal repayment or extension agreement.

## **DISCUSSION**

### **General Write-offs**

In 2016, the City invoiced approximately \$197 million for corporate accounts receivable, including a variety of services such as residential and commercial rents, damage to City property, returned cheques and paid-duty police service.

The Corporate Services Department, Revenue Services makes every effort to collect all accounts receivable due to the City of Ottawa. Efforts include letters, telephone calls, service denial, accounts payable set-offs, referral to City Clerk and Solicitor Department to initiate a claim and assignment to private collection agencies. In some instances, for reasons that are often beyond the City's control, full or partial amounts due cannot be paid. Some of the reasons are death, bankruptcy, indigence, legal recommendation, expiry of the limitation period to commence a legal claim and administrative errors related to the billing. The limitation period for initiating litigation to collect amounts owed as prescribed by the *Limitations Act 2002*, is two years from the date of the incident. This *Act* binds the City.

In 2016, the City's gross payroll cost (excluding benefits and Police) was \$1.04 billion. The Payroll Branch makes every effort to collect all overpayments in full. The collection process follows with the Payroll Administration Policy for the Recovery of Overpayments and Other Amounts Owing which includes recovery from the first available funds unless deemed a repayment of salary or wages. In these cases, the City will act in accordance with the applicable legislative authority and terms of the respective collective

agreements. This may include telephone calls, letters and communication to discuss repayment options and as a final step, referral to the Revenue Branch. There may be exceptional circumstances that warrant not proceeding with the recovery of an overpayment. Reasons include death, bankruptcy, grievance settlements, or if the cost of pursuing the recovery is greater than the amount owed.

Payroll overpayments arise due to a variety of reasons. The most common are rejected Long Term Disability/Worker's Compensation claims, sick leave reversals and delays in the receipt of payroll forms that impact pay.

In accordance with sections 20 and 22 in schedule "A" of the Delegation of Authority by-law, 2016-369, the City Treasurer is authorized to write-off general accounts receivable and payroll overpayments that the City Treasurer has determined to be uncollectible.

This exercise of delegated authority must be reported annually to the appropriate Standing Committee. The list of amounts that have been written off over the previous year and the justification for writing off each item reported are to be maintained by the Deputy City Treasurer, Revenue.

Document 1, on file with the Deputy City Treasurer, Revenue, outlines the accounts determined to be uncollectible in 2016 that have been removed from the City's financial system. Items include 101 corporate accounts receivable totalling \$42,241 (excluding Transit Services and Police Services). This represents a collection rate of 99.97 percent of the total accounts receivable billed in 2016.

Document 2, on file with the Deputy City Treasurer, Revenue, outlines the accounts determined uncollectible in 2016 that have been removed from the City's payroll system. Items include 8 payroll overpayments totalling \$6,856. This represents 0.00067% of the City's gross payroll costs.

The corporate accounts receivable and payroll amounts to be written off total \$49,097. According to the Corporate Accounts Receivable Write-off policy write-offs are charged back to the originating department where the revenue was booked, only items of a corporate nature are charged back against the allowance for doubtful accounts (AFDA). Payroll overpayments are charged against the appropriate departmental cost centres. The AFDA had sufficient funds to cover the corporate write-offs that were not covered by the originating departments.

### **Property Tax Write-offs**

Upon recommendation of the Treasurer, section 354 of the *Municipal Act, 2001* allows the treasurer to remove taxes from the tax roll upon Council approval. Staff have determined that taxes billed on two tax rolls are uncollectible or no longer payable and should be written-off. The accounts included under the report recommendation are not write-offs of bad or uncollectible debts or unsuccessful tax sale, but are cancellations and reductions due to duplication of assessment on new and retired roll numbers or due to other assessment errors of this type.

Details of the properties, including the reason and the amounts that are being recommended for write-off, are provided in Document 3 on file with the Deputy City Treasurer, Revenue.

A total amount of \$11,500 representing the City and education portion of taxes are being submitted for approval to be removed from the taxes receivable pursuant to section 354 of the *Municipal Act, 2001*. Of this total, the City's share of the taxes is estimated at \$9,167. The City's budget includes a provision for such adjustments.

### **Repayment Agreements**

In accordance with section 21 in schedule "A" of the Delegation of Authority By-law No. 2016-369, the City Treasurer; the Deputy City Treasurer, Revenue; the Manager, Customer Service and Collections; and the Program Manager, Collections and Cash Handling are authorized to execute repayment agreements for amounts outstanding, and the exercise of this authority is to be reported annually to the appropriate Standing Committee.

During 2016, one repayment agreement was executed for accounts receivable totalling \$5,312. At the end of 2016 the one repayment agreement was paid in full.

Document 4, on file with the Deputy City Treasurer, Revenue, outlines the repayment agreements executed in 2016.

### **RURAL IMPLICATIONS**

There are no rural implications to approving the recommendations in this report.

## **CONSULTATION**

The public consultation process is not applicable.

## **COMMENTS BY THE WARD COUNCILLOR(S)**

There are no comments by ward councillors.

## **LEGAL IMPLICATIONS**

There are no legal impediments to receiving the information in this report.

## **RISK MANAGEMENT IMPLICATIONS**

There are no risk management implications to receiving the information in this report.

## **FINANCIAL IMPLICATIONS**

Financial implications were identified in the body of this report.

## **ACCESSIBILITY IMPACTS**

There are no accessibility implications to receiving the information in this report.

## **TERM OF COUNCIL PRIORITIES**

This meets Council's priority with respect to Financial Responsibility.

## **SUPPORTING DOCUMENTATION**

Supporting documentation is on file with the Deputy City Treasurer, Revenue.

## **DISPOSITION**

This report is for information purposes only. No further action is required once approved by Council.