

**Report to  
Rapport au:**

**Finance and Economic Development Committee  
Comité des finances et du développement économique  
7 May 2019 / 7 mai 2019**

**Submitted on April 26, 2019  
Soumis le 26 avril 2019**

**Submitted by  
Soumis par:**

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**Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE      File Number: ACS2019-CSD-REV-0002**

**SUBJECT: General Accounts – Write-Offs 2018**

**OBJET: Comptes Généraux – Radiations pour 2018**

**REPORT RECOMMENDATION**

**That the Finance and Economic Development Committee receive this report on the 2018 general accounts write off of \$119,407, as required by the Delegation of Authority By-law.**

## **RECOMMANDATION DU RAPPORT**

**Que le Comité des finances et du développement économique reçoive ce rapport concernant la radiation d'un montant de 119,407\$ des comptes généraux de 2018, tel que l'exige du Règlement sur la délégation de pouvoirs.**

## **BACKGROUND**

This report addresses the corporate accounts receivable, property taxes and payroll overpayment accounts that the General Manager and City Treasurer determined in 2018 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 17,266 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**

In 2018, 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 2018, the City's gross payroll cost (excluding benefits and Police) was \$1.09 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 Revenue Services. 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 21 and 23 in schedule "A" of the Delegation of Authority By-law, 2018-397, 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 2018 that have been removed from the City's financial system. Items include 10 corporate accounts receivable totalling \$106,780 (excluding Transit Services and Police Services). This represents a collection rate of 99.94 percent of the total accounts receivable billed in 2018.

Document 2, on file with the Deputy City Treasurer, Revenue, outlines the accounts determined uncollectible in 2018 that have been removed from the City's payroll

system. Items include 2 payroll overpayments totalling \$12,627. This represents 0.0012% of the City's gross payroll costs.

The corporate accounts receivable and payroll amounts to be written off total \$119,407. 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.

### **RURAL IMPLICATIONS**

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

### **CONSULTATION**

The public consultations 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 received by Committee.