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**Item No. 8**

**Halifax Regional Council  
July 7, 2009**

**TO:** Mayor Kelly and Members of Halifax Regional Municipality

**SUBMITTED BY:**

A handwritten signature in cursive script that reads "Cathie O'Toole".

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Cathie O'Toole, CGA, Director of Finance

**DATE:** June 12, 2009

**SUBJECT:** Write off of Uncollectible Accounts

**INFORMATION REPORT**

**ORIGIN**

Staff.

**BACKGROUND**

At the June 2, 2009 Council session Item 11.1.3 Write-off of Uncollectible Accounts was discussed and debated by Council. Some comments were made that require clarification by staff.

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**DISCUSSION****1) Infoplace Ticket Centers Ltd.**

Councillor McCluskey asked about the write off of a receivable of \$219,578 with Infoplace Ticket Centers Ltd. She asked if the company had to be bonded. Bonding is a process that involves insuring an employee who has responsibility for cash and other liquid assets against losses through fraud by the company. It is not a process which can be used in financial relationships between entities such as HRM and incorporated companies.

Councillor McCluskey then asked how careful HRM was when HRM is choosing people to do our business. Infoplace Ticket Centers has been processing sales of tickets and passes on behalf of HRM and before that the Metropolitan Authority since at least 1988 which is the date of the last contract staff have on file for this company.

Councillor McCluskey stated that HRM is careless in handling taxpayers money. Staff thought a further explanation of the steps that were taken to mitigate this loss would be valuable for Council.

From 1988 to 2005, Infoplace Ticket Centers Ltd. demonstrated no difficulties with payments on account or with inventory control. Senior operating staff changes at the company occurred about this time and HRM Revenue staff began to experience delays in payment of the account.

HRM staff contacted the business owner and were provided only excuses for late payments. In June 2007 staff took a right of offset action by applying commission payments owed to Infoplace Ticket Centers Ltd. to cover some interest charges which had accrued on the account.

From that point on, if there was anything outstanding on this account staff did not remit commission payments to the company. This helped to mitigate the final amount HRM was forced to write off in January 2009. This amount represented one month's ticket and pass sales and the amount was under 30 days old.

Staff's excellent working relationship with the various staff at the six locations of Infoplace Ticket Centres Ltd. around HRM assisted in the recovery of all remaining ticket and pass inventories when the official bankruptcy caused the "doors to be locked".

Staff are always cognizant of the balance between extending credit to ticket and pass outlets and the service disruptions to Metro Transit riders if there was to be no tickets or passes available.

**2) Recreation Sports Association Write offs.**

Councillor Hendsbee also asked questions about the write off of recreation billings to sports organizations and wondered if HRM prevented those organizations from doing future business with us on a receivable basis. The recreation billing system used for this purpose does have the functional ability to flag an account and prevent future receivables from being created and this is being done.

**3) Employee Computer Purchase Program**

Councillor Younger asked why we had not just sent a letter to the former staff/councillors responsible for these amounts. Unfortunately, we had no addresses or were unable to contact these people even through use of our External Collection Agency therefore, staff were compelled to write off these amounts. At the time of this computer purchase program, there was no integrated system to track employee receivables and to, upon their departure, recapture these amounts from their final pays.

**FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN**

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

**ALTERNATIVES**

None

**ATTACHMENTS**

None

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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