



**Report**  
**Staff Report**  
**The Corporation of the City of Brampton**  
**6/5/2024**

**Date:** 2024-03-20

**Subject:** **Finance Policy Updates**

**Contact:** Nash Damer, Treasurer, Finance

**Report number:** Corporate Support Services-2024-343

**RECOMMENDATIONS:**

1. That the report from Kasia Bielska, Manager, Corporate Collections, Yvonne Kwiecien, Manager, Taxation and Assessment and Jonathan Brewer, Manager, Risk & Insurance, to the Committee of Council Meeting of June 5, 2024, re: **Finance Policy Updates**, be received;
2. That Council approve the revised Tax Billing and Collection Policy; and
3. That Council approve the new Accounts Receivable Collection and Write-Off Policy; and
4. That Council approve the new Provincial Offences Act Fine Collection and Write-Off Policy; and
5. That a by-law be adopted, substantially in a form as set out in Appendix 1 to this report, to reflect the delegation of authority with respect to write-offs of uncollectable items, settlement of assessments and settling claims within the existing insurance deductible, to amend Administrative Authority By-law 216-2017, as amended, to update Schedule A – Delegation of Powers and Duties, to revise the delegated authority; and
6. That subject to approval of the new Tax Billing and Collection Policy, the following Council Policy be rescinded:

Property Tax Billing and Collection (13.10.0)

**OVERVIEW:**

- The Finance Division, Revenue is responsible for the administration and collection of Property taxes, Provincial Offences Act (POA) Fines and Accounts Receivable and for the write-off of uncollectable items.
- Policy 13.10.0, Property Tax Billing and Collection Policy establishes a framework for the billing and collection process for property taxes. The review of this policy is necessary to align the City's business process with amended Provincial legislation and regulations.
- Currently, there is no policy that codifies the collection process and the write-off thresholds for Provincial Offences Act fines and for Accounts Receivable items.
- The new policies propose a framework for a responsible, systematic and efficient process for the administration and collection of property taxes, Provincial Offences Act fines and Accounts Receivable items and set up thresholds for write-off of uncollectable items when all collection efforts have been exhausted.
- Insurance & Risk Management is responsible for investigating, analyzing and settling third party claims advanced against the City, as well as, the City's first party insurance claim, within the corporate deductible.
- A housekeeping amendment to Administrative Authority By-law 216-2017, as amended, is required to update the delegation of authority with respect to write-offs of uncollectable items, settlement of assessments and settling claims within the existing insurance deductible.

**BACKGROUND:**

The Finance Division is responsible for the administration and collection of property taxes, Provincial Offences Act fines and accounts receivable items, which are important and essential revenue streams for the City.

Revenue Policies are central to a strategic, long-term approach to financial management and safeguarding of the City's revenue. Staff has undertaken a process to update the existing Property Tax Billing and Collection policy and to prepare two new policies. The three policies proposed for approval are:

- Property Tax Billing and Collection Policy
- Accounts Receivable Collection and Write-off Policy
- Provincial Offence Act Fines Collection and Write-off Policy

The goals of the policies update include:

- Ensure that the latest legislative requirements are reflected in the policies
- Enhance and establish a policy framework in an effort to find a more efficient, systematic, accurate, transparent way of delivering service to internal and external stakeholders
- Provide clear guidelines to staff
- Establish thresholds for write-off of uncollectable items

Administrative Authority By-law 216-2017, as amended, sets out delegated authorities to various City positions for administrative matters, as authorized under the Municipal Act, 2001, and other legislation. The by-law is amended from time to time, as necessary and deemed appropriate by Council, to allow for the effective and efficient operation of the municipality.

Schedule A to the by-law currently includes a delegated authority to staff regarding the write-offs of uncollectable items, assessment settlements and settlement of claims within the existing insurance deductible as follows:

#	Delegation	Delegate	Limitation
28	Execute minutes of settlement arising out of tax appeals and assessment appeals at the ARB or the Ontario Municipal Board that, in the opinion of the signing officer, are in the best interests of the City.	Treasurer, Senior Manager, Revenue, Manager, Taxation and Assessment and Supervisor, Tax Policy and Assessment	Subject to approval by Treasurer
30	File complaints to the ARB relating to the assessment or request of reconsideration of assessment, where it is appropriate, in order to safeguard the City's appeal or complaint rights pursuant to the <i>Assessment Act</i> , R.S.O. 1990, c. A.31	Treasurer, Manager, Taxation Assessment and Supervisor, Tax Policy and Assessment, Assessment Review Analyst	Subject to approval by Treasurer
31	Settle claims within the existing insurance deductible as follows: (a) less than \$25,000 – any delegated staff; (b) amounts of \$25,000 to \$100,000 - any two of the delegated staff; and (c) for amounts of \$100,000 to \$500,000 - any two of the delegated staff, one of whom must be the Treasurer	Treasurer, Manager, Risk and Insurance; and, Treasurer	Consult with Legal Counsel as required  Provide an annual report to Council on insurance claims
34	Execute extension agreements extending the period of time in which the cancellation price is to be paid in municipal tax sales proceedings	Treasurer, Supervisor, Tax Policy and Assessment	Subject to period of Restricted Acts

## CURRENT SITUATION:

The current Policy 13.10.0 outlines the process for the billing and collection of property taxes. Due to amendments in Provincial legislation and regulations, it is necessary to update the Policy to reflect current standards. In September 2019, Council approved By-law **2018-2019** non-Parking AMP to allow the City of Brampton to issue monetary penalties for infractions of certain City by-laws, which is a new type of receivable for the City. There is no policy for the collection and write-off of Accounts Receivable (Including Non-Parking AMP) and Provincial Offences Fines. There is a need to implement policies that align with Provincial legislations, capture collection and write-off processes for all type of receivables and provide clear guidelines and best practices to staff to ensure a consistent and transparent customer experience to the public.

Each policy has been attached as a separate appendix to this report. The Policies incorporate a consistent structure of various sections including background, purpose, principles and roles and responsibilities of staff. Staff has worked with the City's Policy Advisors through the Office of the CAO in the development of the Policy structure and application of content.

It is recommended that below policies are adopted.

### Tax Billing and Collection Policy

The revised Policy follows the new format and aligns the current policy to the updated policy requirements. There is less specific language to billing particulars, however there are certain changes to highlight the process. Legislation with respect to Tax Sale procedures now introduces an option for the tax sale process to begin for accounts after two years in arrears where it was previously three. In addition, agreements extending the period of time in which a tax sale cancellation price is to be paid no longer require a municipal by-law. The Treasurer can enter into an agreement with any person that has an interest in the land. This authority is now established in the City's Administrative By-law 2016-2017 as amended.

The Policy update also removes the requirement to send additional overdue notices to high outstanding balance accounts by the end of the third quarter. These notices were typically produced in September, only one month prior to the city wide overdue notices. Given the short timeline between mailings, it is appropriate to eliminate this mailout and avoid duplication. The option for the Treasurer to authorize additional overdue notices of any kind when deemed necessary is added to the revised Policy.

Lastly, minimum balance write-off of less than \$10 on accounts with no future due will be automatically written off following the last interim instalment date and at December 31<sup>st</sup> of each year. Currently, minimum balances of less than \$10 are automatically written-off at the end of each month if there is no future due amount.

### Accounts Receivable Collection and Write-off policy

The City of Brampton bills and collects charges for goods and services provided to residents and the public. When goods and service are provided to customers before receipt of payment, an accounts receivable is established. As of January 1<sup>st</sup> 2020 the City issues Administrative Penalties in relation to designated offences under various City by-laws.

This Policy establishes a framework for consistent and transparent administration and collection of accounts receivables items through the possible actions the City may undertake for the collection of defaulted accounts receivable items, such as: sending of notices, addition of the item to the tax roll, assignment to a collection agency, forward of the overdue account to the Legal Department to commence legal action.

When all collection efforts have been exhausted, uncollectible receivable items can be written off. Through approval of this policy and amendment of the Administrative Authority by-law, the Treasurer is authorized to write-off uncollectible accounts receivable items less than \$25,000 plus related uncollectible interest and administration fees. The Manager of Corporate Collections is authorized to write-off uncollectible accounts receivable items up to \$2,500.00 or less plus uncollectible interest and administration fees. The Manager of Corporate Collections is authorized to write-off any amount of the aged defaulted fine involving debtor under a bankruptcy if fine is deemed uncollectible by Legal Services.

### Provincial Offences Act (POA) Fine Collection and Write-off policy

The City of Brampton is responsible for the collection of defaulted POA fines and for determining when such fines should be deemed uncollectable. The City operates its municipal court pursuant to a Memorandum of Understanding (MOU) with the Attorney General for the Province of Ontario. Part of the MOU requires the municipality to collect and enforce fines under the Provincial Offences Act. Corporate Collections Unit, Finance Division, in consultation with the Court Administration Section and Legal Services, administer the collection and/or write-off of POA fines.

This policy establishes a framework for consistent and transparent collection efforts and it lists the possible actions the City may undertake for the collection of defaulted Provincial Offences Fines, such as: sending of notices, addition of the fine to the Tax Roll, assignment of the fine to a third party collection agency, legal enforcement by filing of a certificate of default, writ of seizure and sale of land, garnishment of wages and/or bank account, debtor examination.

The provincial government provides authority for municipalities to remove uncollectible fines from their active collection through a write-off process for administrative purposes only. Uncollectable fines that are written off by the City do not absolve an offender from the requirement to pay the fine.

Through approval of this policy and amendment of the Administrative Authority By-law, the Treasurer is authorized to write-off uncollectable fines of \$25,000 or less. The Manager of Court Administration, Supervisor of Court Operations and Administration, and the Manager of Corporate Collections are authorized to write-off unpaid POA fines when the balance is \$2,500.00 or less when fine is not enforceable. When proof of death of the offender has been provided, the Manager of Court Administration, Supervisor of Court Operations and Administration, and the Manager of Corporate Collections are authorized to write-off any amount of unpaid POA fines.

Through approval of this amendment of the Administrative Authority By-law, Insurance & Risk Management will be able to settle claims within the existing insurance deductible as outlined in the below table.

For the above Policies and Risk and Insurance claims procedures to align with City's business processes it is recommended that a by-law be adopted, substantially in a form as set out in Appendix 1 to this report, to amend Administrative Authority By-law 216-2017, as amended, to update Schedule A – Delegation of Powers and Duties, to revise the delegated authority to be the following:

#	Delegation	Delegate	Limitation
28	Execute minutes of settlement arising out of tax appeals and assessment appeals at the ARB that, in the opinion of the signing officer, are in the best interests of the City.	Treasurer, Senior Manager, Revenue, Manager, Taxation and Assessment and Supervisor, Tax Policy and Assessment	Subject to approval by Treasurer
30A	Cancellation of Penalty and Interest added to taxes due to a City administrative error	Treasurer, Senior Manager, Revenue, Manager, Taxation Assessment and Supervisor, Tax Policy and Assessment, Supervisor, Tax Services	a) Supervisor, Tax Policy and Assessment, Supervisor, Tax Services where the Penalty and Interest 10,000 or less b) Senior Manager, Revenue, Manager, Taxation and Assessment where the Penalty and Interest 25,000 or less; or c) Treasurer where the Penalty and Interest over 25,000

31	Settle claims within the existing insurance deductible as follows:  (a) up to \$100,000 – any delegated staff; (b) for amounts > \$100,000 up to \$500,000 - any two of the delegated staff; and (c) for amounts > \$500,000 up to \$1,000,000 - any two of the delegated staff and CAO	Manager, Risk and Insurance; Treasurer; Department Head; CAO	Legal to be advised on all settlements and consulted as required  Provide an annual report to Council on insurance claims
34	Execute extension agreements extending the period of time in which the cancellation price is to be paid in municipal tax sales proceedings	Treasurer, Senior Manager Revenue, Manager Corporate Collections	Subject to the restricted period set out in the Municipal Act, 2001
35A	Write-off of uncollectable Provincial Offences Act Fines, costs and fees, when all collection efforts have been exhausted or when unable to enforce	Treasurer, Manager Court Administration, Manager Corporate Collections, Supervisor Court Operation and Administration	Balance up to \$25,000 subject to the limit and authority set out in the Council Policy Provincial Offences Act Fines Collection and Write-Off
35B	Write-off of accounts receivable, interest, administration fees when uncollectable or added due to a City administrative error.	Treasurer, Manager Corporate Collection	Balance up to \$25,000 subject to the limit and authority set out in the Council Policy Accounts Receivable and Collection

## **CORPORATE IMPLICATIONS:**

### **Financial Implications:**

There are no direct financial impact associated with those policies, although the establishment of strong revenue policy framework is critical to support sound decision making in support of Council's strategic priorities.

### **STRATEGIC FOCUS AREA:**

This report supports the strategic focus area of government and leadership, focusing on service excellence with equity, innovation, efficiency, effectiveness, accountability, and transparency.

### **CONCLUSION:**

The establishment and update of the three Revenue Policies below provides clear guidelines and best practices to ensure that the administration and collection of the City's various streams of revenue is complete, transparent and consistent and all efforts are made to minimize the amount of write-offs.

The update for Insurance & Risk Management allows to settle claims within the corporate insurance deductible.

Authored by:

Reviewed by:

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**Attachments:**

- Attachment 1: Appendix 1 – Draft By-law to Amend Administrative Authority By-law 216-2017
- Attachment 2: Appendix 2 – Tax Billing and Collection Policy
- Attachment 3: Appendix 3 – Accounts Receivable Collection and Write-Off Policy
- Attachment 4: Appendix 4 – Provincial Offences Act Fine Collection and Write-Off Policy Tax Policy