
CITY OF KELOWNA

MEMORANDUM

DATE: October 31, 2005
FILE NO: 1840-00

TO: City Manager

FROM: Recreation Manager

SUBJECT: Council Policy 330 - Unclaimed Funds on Recreation Customer Accounts

RECOMMENDATION:

THAT Council approve Council Policy 330, *Unclaimed Funds on Recreation Customer Accounts*, as attached to the report from the Recreation Manager dated October 31, 2005.

Background:

Recreation Services utilizes specialized computer software called CLASS, to record numerous recreation registration, rental, membership, POS, and financial transactions. A *customer account* is established for each new customer in order to record the various business transactions. Financial credits occur and accumulate on *customer accounts* under specific circumstances, when the City and/or the customer determines that the City will hold funds as financial credits, so a customer can utilize these funds for some future transaction. For largely unknown reasons, customers fail to claim their credits, and at a certain point, these credits become *unclaimed funds*. Specific circumstances include;

- Program cancellations initiated by the City,
- Program withdrawals initiated by the customer,
- Rainbow of Opportunities funds not totally utilized by customers, and
- Gift certificates, coupons or vouchers which are not totally utilized by customers.

For 2004 and earlier, records confirm that 85% of customer account unclaimed fund balances are less than \$50.00, and 96% are less than \$100.00.

The Recreation Revenue Audit conducted in 2004 recommended that the City of Kelowna establish a policy to determine when each *customer account* credit balance becomes *unclaimed funds*, and define a procedure for the City to deal with these *unclaimed funds*.

Discussion:

The Provincial Unclaimed Property Act defines the authority and legal framework through which the City can define its policy. Specifically, the Act says;

1. Funds less than \$50 are not obliged to have a waiting period in order to be defined as unclaimed funds. The funds may be dealt with in accordance to internal administrative practices.
2. Funds less than \$200 become unclaimed funds 3 years after the date the credit was placed on account.
3. Funds greater than \$200 become unclaimed funds 3 years after the date the credit was placed on account.

The Act further states...

4. Reasonable efforts must be made to locate and notify owners of *unclaimed funds* where the funds are greater than \$200. There is no requirement to notify owners of *unclaimed funds* less than \$200.
5. That the holder (the City) of *unclaimed funds* must retain the money for a further prescribed period of 6 yrs.

Council Policy 330 (attached) defines prescribed financial amounts and time frames, consistent with the Unclaimed Property Act, whereby the City will transfer *unclaimed funds* into a dedicated reserve account - Recreation Unclaimed Funds Reserve. Use of the funds within this dedicated reserve will be subsequently approved by City Council through the annual Financial Plan.

The proposed policy will transfer ~ \$37,000 to the Recreation Unclaimed Funds Reserve on January 1, 2006. In the 2006 Financial Plan, staff are recommending these funds contribute to the implementation of the Kelowna Active Communities Strategic Plan - KickStart Kelowna - recently approved by City Council. This recommended use of the Recreation Unclaimed Funds Reserve is consistent in providing recreation benefits from funds originally generated through recreation related activity.

Development of New Recreation Services Administrative Procedures

Staff are developing new procedures to ensure customers get the full value of the dollars paid for programs and facilities. The following procedures will reduce the *unclaimed funds* on *customer accounts*, as well as encourage customers to use their financial credit;

1. Rainbows of Opportunities Society are changing the fund distribution method. An authorization letter, rather than a cheque, will be issued to the recipient as authorization to register in a program or to purchase a membership. Recreation Services will invoice the Society directly for the exact amount of the transaction. This will eliminate unused funds on customer accounts, increasing funds for the financially disadvantaged.
2. Notification of the City policies and procedures will be more clearly communicated utilizing;
 - a. Sport & Recreation Guide,
 - b. Recreation receipts, and
 - c. RecreationKelowna.com, and
 - d. Signage in both PRC and Sport Kelowna administrative centers.
3. Bi-annual review of all customer accounts with unclaimed funds:
 - a. On 1st review, customers will be sent a notification letter where deemed appropriate.
 - b. On 2nd review, a direct follow-up phone call will be made.
 - c. On 3rd review, a final notification letter will be sent.
 - d. On 4th review, the account will be flagged for transfer to the Recreation Unclaimed Funds Reserve.

- e. On an original credit card transaction, credit will be applied back to the card, with customer permission.

In conclusion, the proposed management of *customer accounts* will result in our customers receiving the full value for service, and Recreation Services will improve and maintain the strength and integrity of our financial and administrative systems.

JWR Oddleifson
Recreation Manager

p/c Director of Parks and Leisure Services
Financial Accounting & Systems Manager
City Clerk

attachment



CITY OF KELOWNA

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COUNCIL POLICY MANUAL

APPROVAL DATE:@
RESOLUTION #:@
REPLACING #:@
DATE OF LAST REVIEW:@

SUBJECT: UNCLAIMED FUNDS ON RECREATION CUSTOMER ACCOUNTS

It is the purpose of this policy to establish a method to deal with unclaimed funds on customer accounts within the specialized computer software for recreation related activities called CLASS.

For the purpose of this policy, a qualifying account is a customer account having a **balance available for use or redemption by the customer** and **no activity** for the time periods outlined below.

THAT as at Dec 31st of the current year, qualifying customer account balances less than \$50 and at least one year old, be transferred into the Recreation Unclaimed Funds Reserve.

AND THAT as at Dec 31st of the current year, qualifying customer account balances less than \$200 and at least three years old, be transferred into the Recreation Unclaimed Funds Reserve.

AND FURTHER THAT as at Dec 31st of the current year, qualifying customer account balances greater than \$200 and at least three years old, be transferred into the Recreation Unclaimed Funds Reserve. Reasonable efforts will be made to make direct contact with these customers, so as to provide adequate opportunity for these customers to claim said funds.

For the purpose of this policy, the following applies in all cases:

- 1) Subsequent to a transfer into reserve, a customer may request and receive their credit for up to 6 yrs beyond the date prescribed in each instance. Funding will be made available from the Insurance Deductible Reserve.
- 2) Electronic records will be maintained within the CLASS database so as to verify any subsequent claims.

REASON FOR POLICY: To establish a policy for unclaimed credits on customer accounts within the Recreation Services Division.

LEGISLATIVE AUTHORITY: Unclaimed Property Act

PROCEDURE FOR IMPLEMENTATION: Division administrators will assign responsibility and adhere to this policy.