



Accounts Receivable Considered Uncollectible

Date: June 3, 2021

To: Audit and Risk Management Committee

From: Interim Chief Financial Officer

Summary

The Accounts Receivable Considered Uncollectible report is submitted annually to the Audit and Risk Management Committee for information. This report provides information on accounts receivable amounts written off as uncollectible in 2020 under delegated authority. In aggregate, the total account write-off for 2020 amounted to \$53,134.21. The total annual receipts for 2020 amounted to \$218 million, yielding a collection rate of 99.9%.

Financial Summary

Amounts totalling \$53,134.21 were written off in 2020 in accordance with the TTC's Authorization for Expenditures and Other Commitments Policy, after completion of appropriate collection efforts. These amounts were provided for in the TTC's allowance for doubtful accounts and expensed in previous years.

Equity/Accessibility Matters

There are no accessibility or equity issues associated with this report.

Decision History

In accordance with the TTC's Authorization for Expenditures and Other Commitments Policy, an information report outlining amounts written off has been submitted to the TTC Audit and Risk Management Committee annually since 2005.

Issue Background

When staff have been unable to obtain payment in the course of normal collection efforts, accounts under \$3,000 are referred to an external collection agency for collection. The debt is also registered against the customer's credit history and reported to the major credit bureaus by the collection agency. Only after all attempts to collect both internally and through the TTC's external collection agency are exhausted, is an account written off.

Larger uncollectible amounts are forwarded to the TTC's Legal Department for further handling. Where appropriate, legal action is taken to collect unpaid accounts. However, in some cases court action is not considered cost effective due to the unlikelihood of recovery. If all reasonable attempts to collect an outstanding amount have been unsuccessful, and it is not cost effective to invest any further resources on collection, the accounts will be written off.

The TTC's Authorization for Expenditures and Other Commitments Policy allows senior staff (as delegated by the Chief Executive Officer) to write-off individual uncollectible amounts up to \$50,000. Individual amounts over \$50,000 require Board approval.

The Committee last received a report on uncollectible accounts approved for write-off at the senior staff level covering the year 2019 at its meeting on June 3, 2020. This report can be referenced by the following link:

[http://www.ttc.ca/About the TTC/Commission reports and information/Committee meetings/Audit Risk Management/2020/June 3/Reports/4 Accounts Receivable Considered Uncollectible.pdf](http://www.ttc.ca/About%20the%20TTC/Commission%20reports%20and%20information/Committee%20meetings/Audit%20Risk%20Management/2020/June%203/Reports/4%20Accounts%20Receivable%20Considered%20Uncollectible.pdf)

Write Off History - Past Five Years			
Year	Annual Receipts	Amount Written Off	Collection Rate
2019	\$386,000,000.00	\$75,330.58	99.98%
2018	\$551,000,000.00	\$79,051.70	99.99%
2017	\$433,000,000.00	\$58,484.75	99.99%
2016	\$485,000,000.00	\$67,391.19	99.99%
2015	\$501,000,000.00	\$303,377.43 ¹	99.94%

¹ Includes large Ticket Reseller \$89K and Former Employee \$56K approved by the Board.

Comments

Individual accounts under \$50,000

In 2020, senior staff approved the write-off of individual accounts receivable balances of less than \$50,000 as summarized below.

2020 Write Off Amount			
Bill Type	Annual Receipts	Amount Written Off	Collection Rate
Former Employees	\$311,000.00	\$51,307.62	83.50%
Trade Receivables	\$173,000,000.00	\$1,826.59	99.99%
Totals	\$218,000,000.00	\$53,134.21	99.99%

Former Employees

Bad debts with respect to former employees totalled \$51,307.62. These amounts are typically related to TTC levies for uniforms, employee passes, working fund shortages, health benefits and other miscellaneous charges.

Trade Receivables

Bad debts related to trade receivables totalled \$1,826.59. These accounts relate to uncollected fees for filming on TTC property, a service diversion and the replacement of a CNIB transit pass.

Contact

Peter Somerville, Director – Treasury Services
416-393-3637
peter.somerville@ttc.ca

Signature

Josie La Vita
Chief Financial Officer (Interim)